

# ITEL

RECORDATION NO. 9290 Filed 1425

MAY 8 - 1981 - 1 35 PM

INTERSTATE COMMERCE COMMISSION

May 7, 1981

Ms. Agatha Mergenovich, Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I request on the behalf of Itel Corporation, Rail Division that:

Car Lease Agreement, dated as of April 22, 1981, between Itel Corporation, Rail Division, and Green Bay and Western Railroad Company which was filed under Recordation No. 13073 on April 30, 1981 at 10:50 A.M.

be cross-indexed with the following documents:

- (1) Equipment Trust Agreement 1978, Series 1, dated as of January 1, 1978 between First Security Bank of Utah, N.A. as Trustee and Itel Corporation, which was filed under Recordation No. 9290 on March 21, 1978 at 9:40 A.M., and
- (2) Equipment Trust Agreement 1978, Series 2 dated as of February 1, 1978 between First Security Bank of Utah, N.A. Trustee and Itel Corporation, which was filed under Recordation No. 9291 on March 21, 1978 at 9:40 A.M.

The equipment covered by the Lease is one hundred ninety eight (198) General Purpose Boxcars (A.A.R. mechanical designation XM, 50'6" in length) bearing reporting marks GBW 8000 through and including GBW 8197.

RECORDATION NO. 9291 Filed 1425

MAY 8 - 1981 - 1 35 PM

**Rail Division** INTERSTATE COMMERCE COMMISSION

Two Embarcadero Center  
San Francisco, California 94111  
(415) 955-9090  
Telex 34234

No. 13073  
MAY 8 1981  
Date.....  
Fee \$... 20.00  
ICC Washington, D. C.

RECEIVED  
MAY 8 1 27 PM '81  
I.C.C.  
FEE OPERATION BR.

# ITEL

## Rail Division

Two Embarcadero Center  
San Francisco, California 94111  
(415) 955-9090  
Telex 34234

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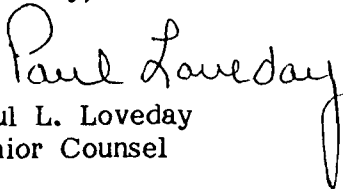
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Ms. Agatha Mergenovich  
May 7, 1981  
Page Two

Enclosed also are two checks in the amount of \$10.00 each for the required cross-indexing fees.

Sincerely,

  
Paul L. Loveday  
Senior Counsel

PLL:sc

cc: Robert S. Clark, Esq.  
First Security Bank of Utah, N.A.  
79 South Main Street  
Salt Lake City, UT 84111

Michael Walsh, Esq.  
Weil, Gotshal & Manges  
767 Fifth Avenue  
New York, New York 10005

Margaret Mackenzie  
Itel Corporation

# CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

INTERNATIONAL TELEX: 620976

TELETYPE: 710-581-0338

TELEX: 125547

COUNSEL  
ROSSELL L. GILPATRIC  
CARLYLE E. MAW

GEORGE B. TURNER  
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TELEX: 290530

33 THROGMORTON STREET  
LONDON, EC2N 2BR, ENGLAND  
TELEPHONE: 01-606-1421  
TELEX: 8814901

CABLE ADDRESSES  
CRAVATH, N.Y.  
CRAVATH, PARIS  
CRAVATH, LONDON E.C.2

RECORDATION NO. 9291  
MAR 21 1978 - 9 42 AM

MAR 21 1978 - 9 42 AM

INTERSTATE COMMERCE COMMISSION

March 20, 1978

## Itel Corporation

Equipment Trust Agreement Dated as of February 1, 1978

Dear Sir:

Enclosed herewith for filing pursuant to Section 20c of the Interstate Commerce Act is an Equipment Trust Agreement dated as of February 1, 1978, relating to the issuance of the Equipment Trust Certificates, 1978 Series 2, of Itel Corporation. The parties to the enclosed Agreement are:

Itel Corporation, Rail Division  
Two Embarcadero Center  
San Francisco, California 94111

and

First Security Bank of Utah, National  
Association, as Trustee  
79 South Main Street  
Salt Lake City, Utah 84111.

Please record one of the six enclosed copies and stamp the other five copies and the copy of this letter enclosed herewith with the recordation data and return such copies to the delivering messenger who will wait. A check

RECEIVED

MAR 21 5 32 AM '78

CERTIFICATION UNIT

8-080A-22

MAR 21 1978  
Rec'd 50

ICC WASHINGTON, D. C.

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

**OFFICE OF THE SECRETARY**

**3/21/78**

**Paul W. Voegeli**  
**Cravath, Swaine & Moore**  
**One Chase Manhattan Plaza**  
**New York, N.Y. 10005**

**Dear Sir:**

The enclosed document(s) was recorded pursuant to the  
provisions of Section 20(c) of the Interstate Commerce Act,

49 U.S.C. 20(c), on **3/21/78** at **9:40am**  
and assigned recordation number(s)

**9291**

Sincerely yours,

**H.G. Homme, Jr.**  
Acting Secretary

Enclosure(s)

9291

RECORDATION NO. .... Filed & Recorded

MAR 21 1978 - 9 42 AM

INTERSTATE COMMERCE COMMISSION

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ITEL CORPORATION  
Rail Division

EQUIPMENT TRUST

1978

Series 2

---

EQUIPMENT TRUST AGREEMENT

between

FIRST SECURITY BANK OF UTAH,  
National Association, Trustee,

and

ITEL CORPORATION, Rail Division

---

Dated as of February 1, 1978

---

EQUIPMENT TRUST AGREEMENT dated as of February 1, 1978, between FIRST SECURITY BANK OF UTAH, National Association (hereinafter called the Trustee), and ITEL CORPORATION, a Delaware corporation (hereinafter called ITEL), acting through its Rail Division.

WHEREAS ITEL has agreed to cause to be sold, transferred and delivered to the Trustee the railroad equipment described in Schedule A hereto;

WHEREAS title to such railroad equipment is to be vested in and is to be retained by the Trustee and such railroad equipment is to be leased to ITEL hereunder;

WHEREAS Itel Corporation, Rail Division, 9-1/4% Equipment Trust Certificates, 1978 Series 2 (hereinafter called the Trust Certificates, such term to include the singular as well as the plural number), are to be issued and sold from time to time in an aggregate principal amount not exceeding \$110,000,000, and the proceeds of such sale are to be deposited in trust with the Trustee and are to constitute a fund to be known as ITEL CORPORATION, RAIL DIVISION, EQUIPMENT TRUST, 1978 SERIES 2, to be applied by the Trustee in payment of a portion of the cost of the Trust Equipment, the remainder of the cost thereof to be paid by ITEL as provided herein;

WHEREAS ITEL has agreed to give and assign to the Trustee, as security for the obligations of ITEL hereunder, a security interest in all rents, moneys and proceeds due or to become due with respect to the Trust Equipment under all existing leases or leases hereinafter entered into to the extent that such leases cover any of the Trust Equipment;

WHEREAS the text of the Trust Certificates and the guaranty to be endorsed on the Trust Certificates by ITEL are to be substantially in the forms annexed hereto as Schedule B; and

WHEREAS it is desired to secure to the holders of the Trust Certificates the payment of the principal thereof, as hereinafter more particularly provided, with any premium and the interest thereon, as hereinafter provided, each payable as herein and therein provided, and to evidence the rights of the holders of the Trust Certificates in substantially the form annexed hereto as Schedule B;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby agree as follows:

## ARTICLE ONE

### Definitions

SECTION 1.01. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the respective meanings hereinafter specified:

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, control (including controlled by and under control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

Capitalized Lease shall mean any lease of real or personal property which is required to be capitalized under generally accepted accounting principles as to which ITEL or a Restricted Subsidiary is the lessee.

Capitalized Lease Rentals shall mean all rentals in respect of Capitalized Leases discounted in respect of each Capitalized Lease in accordance with generally accepted accounting principles.

Cash Flow shall mean for the specified period as to which the term is used the sum of (i) Consolidated Net Income for such period before provision for United States and any other income taxes plus (ii) depreciation and all other noncash items deducted from revenues in the computation of such Consolidated Net Income, including amortization of debt discount and goodwill, minus the sum of (y) United States and any other taxes actually paid during such period plus (z) noncash items which were added to revenues in the computation of such Consolidated Net Income, including residual values and deferred income items, all as determined in accordance



with generally accepted accounting principles.

Consolidated shall mean, with respect to the accounting item being described, such accounting item of ITEL and its Restricted Subsidiaries, as consolidated in accordance with generally accepted accounting principles including the elimination of intercompany items and transactions and after appropriate adjustment for any minority interests.

Consolidated Balance Sheet shall mean the consolidated balance sheet of ITEL as of September 30, 1977.

Consolidated Earnings Available for Interest Coverage shall mean for any period the sum of (i) Consolidated Net Income for such period plus (ii) state, Federal and local taxes measured by income and excess profits taxes which were deducted in the computation of Consolidated Net Income for such period and (iii) Consolidated Interest Expense for such period.

Consolidated Interest Expense shall mean for any period interest paid or accrued and unpaid during such period on all Consolidated Debt (excluding Capitalized Leases), including amortization of debt discount and expense, plus one-third of rentals paid or accrued and unpaid during such period under each Capitalized and Noncapitalized Lease.

Consolidated Senior Borrowing Base shall mean at any time the sum of Consolidated Stockholders' Equity, Consolidated Subordinated Debt and Consolidated Deferred Taxes.

Corporate Trust Office shall mean the principal office of the Trustee in the State of Utah, city of Salt Lake City, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division.

Cost, when used with respect to a unit of Equipment, shall mean the actual cost thereof including delivery charges and taxes as set forth in the invoice of the Owner thereof.

Debt or Indebtedness shall mean (i) all indebtedness of ITEL or any Restricted Subsidiary for the

repayment of borrowed money whether or not represented by bonds, debentures, notes or other securities, (ii) all Capitalized Lease Rentals, (iii) all indebtedness secured by any mortgage, pledge or lien existing on property or interests owned or held by ITEL or any Restricted Subsidiary (excluding any indebtedness secured and incurred as provided in Section 7.02(f) for the satisfaction of which the sole recourse of the obligee is the equipment and the proceeds therefrom by which such indebtedness is so secured) whether or not the indebtedness secured thereby shall have been assumed or guaranteed by ITEL or any Restricted Subsidiary, (iv) all indebtedness for borrowed money to the extent guaranteed by ITEL or a Restricted Subsidiary and appearing as a contingent liability in the notes to such guaranteeing corporation's financial statements under generally accepted accounting principles and (v) all indebtedness incurred or assumed in connection with any merger, consolidation or acquisition of assets.

Any indebtedness of ITEL and its Restricted Subsidiaries shall not be included in the computation of "Debt" or "Indebtedness" during such period upon or prior to the stated maturity or scheduled date for the payment thereof as, in compliance with the instrument creating or representing such indebtedness, there is on deposit irrevocably in trust with the proper depository funds or other assets for the payment or satisfaction of such indebtedness; provided, however, that such funds or assets shall not be treated while so deposited as assets of the obligor for the purpose of determining compliance with any of the covenants and agreements contained in this Agreement.

Deferred Taxes shall mean (i) all deferred taxes in an amount that would appear on a balance sheet prepared in accordance with generally accepted accounting principles and (ii) all taxes appearing as a liability on such balance sheet, to the extent not otherwise included in (i), to the extent they are not due and payable within one year.

Deposited Cash shall mean the aggregate of (i) the proceeds from the sale of the Trust Certificates deposited with the Trustee pursuant to Section 2.01 and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 9.04, and (ii) any sums restored to Deposited Cash from rentals pursuant to Section 4.04(B)(1) and on deposit with the Trustee.

Equipment shall mean (i) standard-gauge, general purpose boxcars, or (ii) special purpose hopper cars, provided, however, that the aggregate Cost of all such special purpose hopper cars shall not exceed 15% of the aggregate Cost of all the Equipment; all Equipment shall be first put into use on or after May 1, 1977, except that for purposes of Section 3.01, not more than 50 of such boxcars may be units first put into use not earlier than June 1, 1976.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

Funded Debt shall mean all Indebtedness which would in accordance with generally accepted accounting principles be classified as funded debt but in any event including all Indebtedness maturing by its terms more than one year after, or which is renewable or the maturity of which is extendable at the option of the obligor pursuant to the terms thereof for a period ending one year or more after the date of creation thereof, including current maturities thereon.

Generally accepted accounting principles shall mean generally accepted accounting principles in effect at the date hereof except where such principles are inconsistent with the requirements of this Agreement.

The word holder or holders, when used with respect to Trust Certificates, shall include the plural as well as the singular number and shall mean the person in whose name such Trust Certificate is registered. If pursuant to any agreement between the Trustee and any Purchaser or its assignee, any Trust Certificate shall be issued to such Purchaser or such assignee payable to order, transferable by endorsement, such word and the words "registered holder" as used herein shall include any such Purchaser or assignee.

Investments shall mean (i) certificates of deposit of any commercial bank incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than \$50,000,000, (ii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest thereon and principal thereof, in each case maturing within one year

after the date of investment therein, or (iii) any repurchase agreements in respect of (i) and (ii).

ITEL shall mean Itel Corporation, a Delaware corporation, acting through its Rail Division, and its successor or successors complying with the provisions of Section 7.04.

*WJS*  
*RJS*  
Lease shall mean a lease agreement in substantially the form annexed hereto as Schedule C covering Equipment or a lease agreement in a different form if (i) such lease agreement relates to Equipment referred to in clause (ii) of the definition of Equipment, (ii) such lease agreement provides for fixed rentals in respect of such Equipment at least equal to the rental in respect of such Equipment payable pursuant to Section 4.04(B)(3) and (iii) the average lease term of all the Equipment under all such lease agreements on the date of delivery of the last unit of Equipment under this agreement will exceed seven and one-half years and if any such lease agreement shall be canceled and replaced, the term of the replacement lease agreement plus the expired term of the canceled lease shall be such that if a lease agreement with a term equal to such sum had originally been entered into in lieu of the replaced lease, the aforesaid average lease term would have exceeded seven and one-half years.

Lease Assignment shall mean an assignment of a Lease or other lease authorized pursuant to Section 4.09 to the Trustee in substantially the form annexed hereto as Schedule D executed by ITEL.

Mandatory Sinking Fund Payment shall have the meaning set forth in Section 2.02.

Net Income shall mean net income (or loss) determined in accordance with generally accepted accounting principles.

Net Tangible Assets shall mean all assets which, in accordance with generally accepted accounting principles, would appear on the asset side of a balance sheet (including leased property to which Capitalized Lease Rentals are attributed, but excluding intangible assets (such term, as used herein, meaning patents, franchises, trademarks and the like, goodwill and any other identi-

liable or unidentifiable assets generally classified as intangible assets) and unamortized debt discount and expense) minus the sum of (i) all reserves and deductions, including those for depreciation, depletion, amortization, bad debt losses, Deferred Taxes and minority interests, and (ii) all liabilities which, under generally accepted accounting principles, would appear on the liability side of a balance sheet.

Noncapitalized Lease shall mean any lease of real or personal property, other than Capitalized Leases, under which ITEL or a Restricted Subsidiary is the lessee.

Officer's Certificate shall mean a certificate signed by the President or a Vice President of ITEL or of ITEL's Transportation Services Group or Rail Division.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel satisfactory to the Trustee and who may be counsel for ITEL. The acceptance by the Trustee of, together with its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Owner shall mean the manufacturer or owner of the Equipment transferring title thereto to the Trustee.

The terms principal and principal amount as used herein with respect to the Trust Certificates shall, unless the context otherwise requires, be deemed to include any premiums payable in respect of the Trust Certificates.

Purchase Agreement shall mean the agreement dated as of February 1, 1978, among ITEL and the Purchasers.

Purchasers shall mean the purchasers named in Annex I to the Purchase Agreement.

Request shall mean a written request for the action therein specified, delivered to the Trustee, dated not more than ten days prior to the date of delivery thereof to the Trustee and signed on behalf of ITEL by the President or a Vice President of ITEL or of ITEL's Transportation Services Group or Rail Division.

Restricted Investment shall mean (i) any investment in any property whatsoever of, or (ii) any purchase of any stock or other securities or evidences of indebted-

ness of, or (iii) any capital contributions, loans or advances to (including the amount by which the fair market value of any property sold or transferred by ITEL or any Restricted Subsidiary exceeds the fair market value of the consideration received therefor by ITEL or such Restricted Subsidiary), or (iv) any assumption of liability in respect of any indebtedness of, any other person, firm or corporation made by ITEL or any Restricted Subsidiary except (A) investments in direct obligations of the United States Government or any agency thereof or in obligations guaranteed by the full faith and credit of the United States Government, in each case maturing within one year after the date of investment therein, (B) certificates of deposit of, or time deposits with, the Trustee and/or any commercial bank in the United States having a capital and surplus aggregating at least \$50,000,000, in each case maturing within one year after the date of investment therein, (C) any investments set forth in clauses (i) through (iv) above if made in a Restricted Subsidiary, (D) open market commercial paper rated A-1 (or the then equivalent grade) by Standard and Poor's Corporation or prime-1 (or the then equivalent grade) or better by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them or (E) any indebtedness of a Restricted Subsidiary for borrowed money guaranteed by ITEL or for which ITEL is otherwise contingently liable if such guarantee or contingent liability results from endorsement by ITEL of negotiable instruments for transfer in the ordinary course of business.

Restricted Subsidiary shall mean any Subsidiary which is not at the time an Unrestricted Subsidiary.

Senior Debt shall mean all Debt which is not Subordinated Debt.

Senior Funded Debt shall mean all Funded Debt which is also Senior Debt.

Short Term Debt shall mean all Debt which is payable on demand or which matures within one year from the date of incurrence and which is not renewable at the option of the obligor, excluding current maturities of Funded Debt.

Sinking Fund shall mean the sinking fund provided for in Section 4.04(B)(4)(a).

Stockholders' Equity shall mean as to any corporation at any time the total of its capital stock, surplus and retained earnings accounts, all as determined in accordance with generally accepted accounting principles.

Subordinated Debt shall mean all unsecured Indebtedness of ITEL which provides for subordination to Senior Debt (including the Trust Certificates) pursuant to provisions substantially equivalent to the subordination provisions contained in ITEL's Indenture dated as of March 1, 1970, relating to its 7% Convertible Subordinated Debentures due March 1, 1995, a copy of which Indenture is on file with the Trustee at the Corporate Trust Office.

Subsidiary shall mean a corporation of which ITEL owns, directly or indirectly, at least a majority of the outstanding voting stock.

The term "Subsidiary" shall also include a corporation of which ITEL and/or a Subsidiary, as defined above, own, directly or indirectly, at least a majority of the outstanding voting stock.

Trust Certificates shall include the singular as well as the plural number and shall mean ITEL Corporation, Rail Division, 9-1/4% 15 Year Equipment Trust Certificates, 1978 Series 2, issued hereunder.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean First Security Bank of Utah, National Association, and, subject to the provisions of Article Nine, any successor as trustee hereunder.

Unrestricted Subsidiary shall mean any Subsidiary which has been designated by ITEL as an Unrestricted Subsidiary, unless and until such Subsidiary shall be designated by ITEL as a Restricted Subsidiary. ITEL may not designate a Subsidiary as an Unrestricted Subsidiary unless, immediately after giving effect thereto, (i) such Subsidiary does not own any capital stock or property of a Restricted Subsidiary, (ii) such Subsidiary is not then the mortgagee under any mortgage covering property owned by a Restricted Subsidiary and (iii) ITEL would then be able to incur at least \$1.00 of additional Senior Debt without thereby being in default

under the provisions of Section 7.01. ITEL may not designate an Unrestricted Subsidiary as a Restricted Subsidiary unless, immediately after giving effect thereto, (y) ITEL would then be able to incur at least \$1.00 of additional Senior Debt without thereby being in default under the provisions of Section 7.01 and (z) such Subsidiary would not have outstanding any Funded Debt except Funded Debt of such Subsidiary authorized to be outstanding by Section 7.01. Any designation of a Subsidiary as an Unrestricted Subsidiary or a Restricted Subsidiary shall be made by an Officer's Certificate filed with the Trustee at the Corporate Trust Office.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof; and all references to numbered Articles, Sections, paragraphs and subdivisions, unless the context otherwise requires or unless the references thereto specify another agreement, refer to such Articles, Sections, paragraphs and subdivisions of this Agreement.

## ARTICLE TWO

### Trust Certificates and Issuance Thereof

#### SECTION 2.01. Issuance of Trust Certificates.

Without waiting for the recording or filing of this Agreement or of any other instrument respecting the Trust Equipment, the Trustee shall from time to time issue and deliver Trust Certificates in such aggregate principal amounts as ITEL shall direct by Request upon the deposit with the Trustee of an amount in cash equal to such aggregate principal amount of Trust Certificates to be issued and delivered.

Subject to the provisions of Section 2.07, the aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of \$110,000,000, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

#### SECTION 2.02. Interests Represented by Trust Certificates; Interest; Maturity. Each of the Trust Certifi-



cates shall represent an interest in the amount therein specified in the trust created hereunder and shall bear interest on the unpaid portion of said amount at the rate of 9-1/4% per annum, payable semiannually on February 15 and August 15 in each year from the date thereof. Interest shall be payable on overdue payments of principal and interest at the rate of 10-1/4% per annum.

The Trust Certificates are subject to redemption at 100% of the principal amount thereof to be redeemed plus accrued and unpaid interest to the date fixed for redemption through the application of the rental payable to the Trustee for the operation of the Sinking Fund, in an aggregate principal amount equal to 4.75% of the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01 less any credit provided for in Section 4.08 (the "Mandatory Sinking Fund Payment") on February 15 and August 15 of each year commencing August 15, 1983, and terminating February 15, 1993. In addition, ITEL, on February 15 and August 15 of each year commencing August 15, 1983, and terminating February 15, 1993, may, at its option, exercisable by a Request delivered to the Trustee at least 45 days prior to the redemption date, increase its Sinking Fund payments in order to redeem up to the same aggregate principal amount of Trust Certificates as equals the Mandatory Sinking Fund Payment payable on each such date. To the extent that the optional right of redemption is not exercised on any Mandatory Sinking Fund Payment date, it shall not be cumulative or carried forward to any subsequent Mandatory Sinking Fund Payment date. The unpaid principal amount of the Trust Certificates will mature on August 15, 1993.

The Trust Certificates are redeemable (otherwise than through the operation of the Sinking Fund), as a whole or in part, at the option of ITEL, exercisable by Request delivered to the Trustee at least 45 days prior to the proposed redemption date, at the following redemption prices (expressed in percentages of principal amount), together with, in each case, accrued and unpaid interest to the date fixed for redemption:

If Redeemed During 12-Month Period Com- mencing February 15	Optional Redemption Price
1978 .....	109.25%
1979 .....	108.63

1980 .....	108.02
1981 .....	107.40
1982 .....	106.79
1983 .....	106.17
1984 .....	105.55
1985 .....	104.93
1986 .....	104.32
1987 .....	103.70
1988 .....	103.08
1989 .....	102.47
1990 .....	101.85
1991 .....	101.23
1992 .....	100.62
1993 .....	100.00

provided, however, that no such redemption may be effected prior to August 15, 1988, as part of a refunding or anticipated refunding operation by the application, directly or indirectly, of borrowed funds or the proceeds of the sale of any sinking fund preferred stock having an effective interest cost of less than 9-1/4% per annum or having, as of the date of the proposed redemption, a weighted average life to maturity less than the remaining weighted average life to maturity of the Trust Certificates to be redeemed. As used above, "weighted average life to maturity" of any indebtedness for borrowed money (including any sinking fund preferred stock) means, at the time of the determination thereof, the number of years obtained by dividing the then remaining dollar-years of such indebtedness by the then outstanding principal amount of such indebtedness. "Remaining dollar-years" of any indebtedness for borrowed money (including any sinking fund preferred stock) means the sum of the products of (1) the amount of each then remaining sinking fund, serial maturity or other required repayment, including repayment at stated maturity, times (2) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of proposed redemption and the date of that required repayment.

Notwithstanding anything to the contrary in this Agreement contained, if ITEL shall have by written notice requested the consent of the holders of Trust Certificates to the issuance by ITEL or a Restricted Subsidiary of Senior Funded Debt which would at such time not be permitted to be issued pursuant to the terms of Section 7.01, and the holders of at least 66-2/3% in aggregate principal amount of the Trust Certificates shall not have consented within a period of 45 days after the giving of the written notice requesting

such consent, ITEL may, at its option, within 90 days after the end of such period direct the Trustee to redeem all, but not a part, of the Trust Certificates held by the nonconsenting holders at 100% of the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption; provided, however, that, at the time of giving notice of such redemption pursuant to Section 2.03 ITEL shall have obtained a firm and bona fide commitment in customary form either from responsible lenders to lend to ITEL as Senior Funded Debt an amount, or from responsible underwriters to purchase securities of ITEL evidencing Senior Funded Debt in an amount, at least equal to (x) the principal amount of Trust Certificates as to which notice of redemption pursuant to this paragraph is being given, plus (y) the principal amount of Senior Funded Debt specified in the written notice requesting the aforesaid consent as desired to be issued by ITEL; provided, further, that, if, on or before the fifteenth day after the giving of notice of redemption, the Trustee shall have received written notice from the holder of any Trust Certificate electing not to have such holder's Trust Certificates redeemed and consenting to ITEL's request to issue such additional Senior Funded Debt, the Trustee shall not redeem the Trust Certificates of such holder and such Trust Certificates shall continue in full force and effect as though no such notice of redemption had been given; the election of any such holder not to have its Trust Certificates redeemed shall not, however, in any way affect the obligation to redeem all the Trust Certificates of nonconsenting holders who shall not have made such election; provided, further, that no such redemption may be effected prior to August 15, 1988, as part of a refunding or anticipated refunding operation by the application, directly or indirectly, of borrowed funds (including any sinking fund preferred stock) having an effective interest cost of less than 9-1/4% per annum or having, as of the date of the proposed redemption, a "weighted average life to maturity" (as defined in the immediately preceding paragraph of this Section 2.02) less than the remaining weighted average life to maturity of the Trust Certificates to be redeemed, unless ITEL shall pay a premium in an amount with respect to each Trust Certificate to be redeemed equal to its proportionate share of an amount equal to the present value of the aggregate amount of the interest savings to ITEL on any obligations issued or to be issued to refund the Trust Certificates to be redeemed (such savings being computed as the total effective interest cost to ITEL of the principal amount of the Trust Certificates to be redeemed to the final maturity date thereof less the total effective interest cost

to ITEL of an equal principal amount of such refunding obligations to the earlier of the final maturity date of the Trust Certificates to be redeemed or the final maturity date of such refunding obligations) determined by discounting such interest cost at an annual rate equal to the interest rate on such refunding obligations; provided, further, that at the option of any holder, redemption of such holder's Trust Certificates pursuant to this paragraph shall not be completed until the proceeds of the Senior Funded Debt in respect of which the aforesaid commitment was obtained have actually been received by ITEL. Except as otherwise provided in this paragraph, any redemption pursuant to this paragraph shall be in the manner and with the effect provided in Sections 2.03 and 2.04.

Interest on the Trust Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to ITEL) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the instalments of principal amount represented thereby theretofore paid in whole or in part, the Trustee will mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Trustee; provided, however, that this paragraph shall not apply to a Purchaser of Trust Certificates if, at the time payments of principal or interest are to be made, such Purchaser is a holder of Trust Certificates, and ITEL may direct the Trustee by Request to make payments of principal and interest to the Purchasers of Trust Certificates or to any other purchaser approved by ITEL by check or wire transfer of Federal or immediately available funds (to the extent ITEL makes such funds available to the Trustee) at such address as shall be supplied to the Trustee by ITEL. Each payment of principal

and interest made by check or wire transfer shall be identified as: "Payment of principal of [and/or interest on] ITEL Corporation, Rail Division, 9-1/4% Equipment Trust Certificates, 1978 Series 2, Due August 15, 1993."

SECTION 2.03. Selection of Trust Certificates for Redemption; Notice of Redemption. Prior to January 15 and July 15 in each year, commencing July 15, 1983 and terminating January 15, 1993, the Trustee shall designate for redemption a principal amount of Trust Certificates, so as to exhaust the amount of rental to be paid by ITEL to the Trustee in cash pursuant to Section 4.04(B)(4)(a) on the next succeeding February 15 or August 15, whichever is earlier, and not less than 30 days prior to the date fixed for redemption of less than all the outstanding Trust Certificates (otherwise than through the operation of the Sinking Fund) the Trustee shall, subject to the provisions of the fourth paragraph of Section 2.02 and to the provisions of Section 7.09, designate a principal amount of Trust Certificates to be redeemed, in each case as follows:

(a) the Trust Certificates (or portions thereof) to be redeemed shall be designated by the Trustee by allocating, as nearly as may be to the nearest \$100, the principal amount of Trust Certificates to be redeemed among the various holders (if more than one) of Trust Certificates in proportion to the outstanding aggregate principal amount of Trust Certificates registered in their respective names; and

(b) in any prorating pursuant to this Section 2.03, the Trustee shall, according to such method as it may deem to be proper, make such adjustments, by increasing or decreasing by not more than \$100 the amount which would be allocable on the basis of exact proportion to any one or more registered holders of Trust Certificates, as may be necessary to the end that the principal amount so prorated with respect to any one Trust Certificate shall be \$100 or a multiple thereof. The Trustee shall have uncontrolled discretion to determine, in the case of a registered holder of more than one Trust Certificate, the particular Trust Certificate or Trust Certificates to be redeemed, in whole or in part, in accordance with the foregoing provisions of this Section 2.03.

The Trustee shall promptly notify ITEL in writing of the

numbers of the Trust Certificates selected for redemption in whole or in part.

The Trustee shall send a notice of redemption of the Trust Certificates by first-class mail, postage prepaid, at least 30 days prior to each redemption date (except that in the case of any redemption pursuant to the fourth paragraph of Section 2.02 or Section 7.09 the notice will be given as promptly as practicable) to the holders of Trust Certificates, at their last addresses as they shall appear upon the registry book, but failure to receive such notice by mail, or any defect therein, shall not affect the validity of any provisions for the redemption of Trust Certificates.

Each notice of redemption (a) shall specify (i) the date fixed for redemption, (ii) the distinctive numbers of Trust Certificates to be redeemed as a whole, and the distinctive numbers of such Trust Certificates to be redeemed in part (indicating the extent of partial redemption thereof) and (iii) the redemption price and the provisions of this Agreement pursuant to which such Trust Certificates are being redeemed and (b) shall state that (i) from and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue and (ii) payment of the redemption price shall be made by the Trustee only from and out of rentals or other moneys paid to the Trustee by ITEL and applicable thereto at the Corporate Trust Office, upon surrender of the Trust Certificates so to be redeemed in full, or upon presentation of such Trust Certificates to be redeemed in part for notation thereon of such payment, except as otherwise provided in the last paragraph of Section 2.02. The registered holders of Trust Certificates redeemed in part may, at their option and upon surrender thereof, receive a new Trust Certificate for the principal amount remaining unredeemed without charge to such holder.

The numbers of any Trust Certificates to be redeemed, required to be included in any such notice, may be stated in either of the following ways: individually, or in groups from one number to another number, both inclusive.

SECTION 2.04. Payment of Trust Certificates Called for Redemption. Notice of redemption having been given as above provided, and ITEL on or before the redemption date specified in the notice of redemption having deposited with the Trustee an amount in cash sufficient to redeem all the Trust Certificates or portions thereof called for redemption,

including accrued interest, the Trust Certificates or portions thereof called for redemption shall become due and payable on such redemption date, and from and after such redemption date interest on such Trust Certificate or portions thereof shall cease to accrue and such Trust Certificate or portions thereof shall no longer be deemed to be outstanding hereunder and shall cease to be entitled to the benefit of this Agreement except to receive payment from the moneys reserved therefor in the hands of the Trustee. Subject to the provisions of Section 9.09, the Trustee shall hold the redemption moneys for the registered holders of the Trust Certificates or portions thereof called for redemption and, subject to the last paragraph of Section 2.02, shall pay the same to such holders respectively upon presentation and surrender of such Trust Certificates.

All Trust Certificates surrendered upon redemption under this Article Two shall be canceled by the Trustee and shall be disposed of as directed by a Request, and no Trust Certificates shall be issued hereunder in place of the principal amount thereof redeemed and paid.

SECTION 2.05. Forms of Trust Certificates and Guaranty. The Trust Certificates and the guaranty to be endorsed on the Trust Certificates by ITEL as provided in Section 6.01 shall be in substantially the form annexed hereto as Schedule B.

SECTION 2.06. Execution by Trustee. The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of an Authorized Officer of the Trustee, and its seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Authorized Officers. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.07. Characteristics of Trust Certificates.

(a) The Trust Certificates shall be registered, as to both principal and interest, in the name of the holder;

shall be transferable in whole or in part and exchangeable for Trust Certificates of other denominations of equal aggregate outstanding principal amount upon presentation and surrender thereof for registration of transfer or exchange at the Corporate Trust Office, accompanied, in the case of transfer, by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by its duly authorized attorney in fact, in form satisfactory to the Trustee; shall, in connection with the initial issuance of Trust Certificates, be dated as of the date of issue and shall, in connection with Trust Certificates issued in exchange for or upon registration of transfer of another Trust Certificate or Certificates, be dated as of the date to which interest has been paid or shall, if no interest has been paid thereon, be dated as of the date of initial issuance; and shall entitle the registered holder to interest from the date thereof.

(b) Anything contained herein to the contrary notwithstanding, prior to due presentment for registration of transfer the parties hereto may deem and treat the registered holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

(c) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration and registration of transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purposes, the Trustee shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

(d) For any registration, registration of transfer or exchange, the Trustee shall require payment by the person requesting same of a sum sufficient to reimburse it for any governmental charge connected therewith.

(e) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange for, or upon the registration of transfer of the whole or any part of, as the case may be, one or more other Trust Certificates shall carry all the rights to principal and to interest accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be,



of such one or more other Trust Certificates, and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest or principal shall result from such exchange, substitution or registration of transfer.

(f) The Trustee shall not be required to issue, transfer or exchange Trust Certificates for a period of ten days next preceding any interest payment or redemption date.

(g) The Trustee shall not be required to transfer or exchange Trust Certificates if such transfer or exchange would be in violation of the Securities Act of 1933, as amended.

SECTION 2.08. Replacement of Lost Trust Certificates. In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. ITEL shall execute its guaranty on any Trust Certificate so delivered. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee and to ITEL evidence to their satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate, and also shall furnish such security or indemnity as may be required by the Trustee and by ITEL in their discretion (it being understood that a letter of indemnity from the Purchaser of such Trust Certificate shall be deemed acceptable by the Trustee and ITEL). All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

## ARTICLE THREE

Acquisition of Trust Equipment by Trustee;  
Deposited Cash

SECTION 3.01. Acquisition of Equipment by Trustee. As speedily as may be consistent with the requirements of any Lease covering Equipment to be subjected to the trust hereby created and of any agreement between ITEL and the Owner or manufacturer of any such Equipment as to the schedule of delivery thereof, ITEL shall cause to be sold to the Trustee, as trustee for the holders of the Trust Certificates, such of the Equipment described in Schedule A hereto as has a Cost not less than 125% of the aggregate principal amount of Trust Certificates issued pursuant to Section 2.01, all of which ITEL represents and warrants will be new Equipment newly constructed or Equipment rebuilt in accordance with applicable requirements of the American Association of Railroads and first put into service on or after May 1, 1977, except for not more than 50 units of the Equipment referred to in clause (i) of the definition of Equipment first put into service not earlier than June 1, 1976. The Trustee hereby authorizes ITEL to accept such Equipment and such other Equipment as is described in the next succeeding paragraph of this Section 3.01 on behalf of the Trustee.

In the event that ITEL shall deem it necessary or desirable to procure for the use of ITEL, and to include in the trust hereby created, other new Equipment in lieu of any units of the Equipment specifically described in Schedule A hereto prior to the acceptance of such Equipment by or on behalf of the Trustee, or in the event that any unit of the Equipment described in Schedule A hereto shall suffer a Casualty Occurrence, as defined in Section 4.08, before being accepted by or on behalf of the Trustee pursuant to this Section and Section 3.04, ITEL may cause to be sold to the Trustee such other new Equipment to be substituted under the trust, in each case subject to compliance with the provisions of Section 3.04.

SECTION 3.02. Payment of Deposited Cash. When and as any Equipment shall have been accepted by the Trustee or its agent or agents pursuant to Sections 3.01 and 3.04(a), the Trustee shall (subject to the provisions of Section 3.03) pay, upon Request, to the Owner of the accepted Equipment out of Deposited Cash then held by the Trustee an amount not exceeding 80% of the aggregate Cost of such Equipment, as

such Cost is specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.04(b).

SECTION 3.03. Payment of Deficiency. ITEL covenants that, contemporaneously with any payment by the Trustee pursuant to Section 3.02, it will either (a) pay to the Trustee the advance rental provided in Section 4.04(A), and thereupon the Trustee shall, upon Request, pay to the Owner of the accepted Equipment, by the use of such advance rental, the portion of the aggregate Cost of such Equipment not paid out of Deposited Cash as provided for in Section 3.02 or (b) deliver to the Trustee an executed counterpart of a receipt from such Owner evidencing the direct payment by ITEL to such Owner of that portion of the Cost of such Equipment equal to the amount of advance rental required to be paid to the Trustee pursuant to clause (a) of this sentence in respect of such Equipment or (c) if ITEL is the Owner of such Equipment, deliver to the Trustee a copy of the invoice and the bill of sale from the original manufacturer of such Equipment together with an Officer's Certificate certifying that such invoice and bill of sale are true and correct and that such manufacturer has been paid in full. The intention of this Section is that ITEL shall ultimately pay or absorb not less than 20% of the aggregate Cost of all the Equipment accepted by the Trustee as Trust Equipment pursuant to this Article Three, and the Trustee and ITEL shall at any time, if occasion arises, adjust their accounts and payments to the end that the Trustee shall pay with Deposited Cash not more than 80% of such aggregate Cost and ITEL shall pay or absorb the remainder, to be not less than 20% of such Cost.

SECTION 3.04. Supporting Papers. The Trustee shall not pay out any Deposited Cash for the purchase of any unit of Equipment unless and until it shall have received:

(a) a bill of sale covering such unit of Equipment from the Owner to the Trustee, which bill of sale shall specify such unit of Equipment described therein by number or numbers and shall contain a warranty or guaranty to the Trustee that the title of such unit of Equipment described therein is free from all claims, liens, security interests and other encumbrances (except for this Agreement and any Lease and Lease Assignment specified in subparagraph (e) of this paragraph) and the receipt of such bill of sale by the Trustee shall constitute acceptance by the Trustee hereunder of such unit of Equipment as Trust Equipment;

(b) an Officer's Certificate, which shall state (i) that such unit of Equipment is Equipment as herein defined, has been marked in accordance with Section 4.07 and was not put into service prior to a date specified therein and (ii) that the Cost of such unit of Equipment is an amount therein specified or is not less than an amount therein specified;

(c) an invoice from the Owner of such unit of Equipment having endorsed thereon a certification by ITEL as to the correctness of the price stated therein;

(d) an Opinion of Counsel for the Owner or ITEL to the effect that such bill of sale is valid and effective, either alone or in connection with any other instrument referred to in and accompanying such opinion, to vest in the Trustee title to such unit of Equipment free from all claims, liens, security interests and other encumbrances (except for this Agreement and any Lease and Lease Assignment specified in subparagraph (e) of this paragraph);

(e) an executed counterpart of a Lease and of a Lease Assignment covering such unit of Trust Equipment; and

(f) an opinion of Messrs. Brobeck, Phleger & Harrison, counsel for ITEL, or an opinion of other independent counsel satisfactory to the Trustee, to the effect that (i) this Agreement and the Lease and the Lease Assignment referred to in subparagraph (e) above, have been duly authorized, executed and delivered by ITEL and constitute legal, valid and binding obligations (said counsel being permitted to assume the due authorization, execution and delivery of such Lease by the lessee thereunder), subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect, (ii) the Trustee is vested with a valid first and prior perfected security interest in and to such unit of Trust Equipment and ITEL's interest in such Lease and all rents, moneys and proceeds due or to become due thereunder in so far as such interest relates to the Trust Equipment, (iii) this Agreement, such Lease and such Lease Assignment have been duly filed and recorded with the Interstate

Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and (iv) no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment, such Lease, such Lease Assignment or this Agreement in any state of the United States of America or the District of Columbia.

Any Officer's Certificate delivered pursuant to this Section may state that the Cost of the Equipment therein referred to is tentatively determined, subject to final adjustment to be evidenced in a final Officer's Certificate to be delivered to the Trustee.

If the aggregate Cost, as specified in the certificates theretofore delivered to the Trustee pursuant to this Section, of the Trust Equipment accepted by the Trustee pursuant to this Article Three shall be less than 125% of the aggregate principal amount of Trust Certificates issued pursuant to Section 2.01, ITEL will cause to be assigned and transferred to the Trustee additional Equipment in such amount and of such Cost that the aggregate Cost of the Trust Equipment will be at least equal to 125% of the aggregate principal amount of said Trust Certificates, and will concurrently deliver to the Trustee the documents specified in paragraphs (a) through (f) of this Section with respect to such additional Equipment. If on or before October 15, 1978, such assignment or transfer is not made as aforesaid the Trustee shall apply the excess balance of Deposited Cash to the redemption of Trust Certificates in like manner as is provided in the second paragraph of Section 4.08.

#### ARTICLE FOUR

##### Lease of Trust Equipment to ITEL

SECTION 4.01. Lease of Trust Equipment. The Trustee does hereby let and lease all the Trust Equipment to ITEL, for a period ending August 15, 1993.

SECTION 4.02. Equipment Automatically Subjected. As and when any Equipment shall from time to time be accepted hereunder by the Trustee or its agent or agents, the same shall, ipso facto and without further instrument of lease or transfer, become subject to all the terms and provisions hereof.

SECTION 4.03. Additional and Substituted Equipment Subject Hereto. In the event that ITEL shall, as provided in Sections 3.01, 3.04, 4.06 or 4.08, elect to cause to be sold to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described or subjected hereto, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee and ITEL and to be recorded with the Interstate Commerce Commission pursuant to the requirements of Section 20c of the Interstate Commerce Act. Such Equipment shall be subject to all the terms and conditions hereof in all respects as though it had originally been part of the Equipment herein specifically described.

SECTION 4.04. Rental Payments. ITEL hereby accepts the lease of all the Trust Equipment; and ITEL covenants and agrees to pay to the Trustee at the Corporate Trust Office (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rental hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the acceptance of and lease to ITEL of any unit of the Trust Equipment):

(A) ITEL shall pay to the Trustee as hereinafter provided, as advance rental hereunder, sums which in the aggregate shall be equal to the difference between the aggregate Cost of the Trust Equipment (other than Trust Equipment subjected hereto pursuant to Section 4.06 or 4.08) and the portion of such Cost to be provided out of Deposited Cash as provided for in Section 3.02;

(B) In addition to such advance rental, ITEL shall pay to the Trustee, as hereinafter provided, as rental for the Trust Equipment (notwithstanding that any of the Trust Certificates shall have been acquired by ITEL or any Affiliate of ITEL or shall not have been presented for payment), the following:

(1) (a) the expenses of the trust hereby created, including but not limited to compensation and expenses provided for herein, and (b) an amount equal to any expenses incurred or loss of principal

(including interest accrued thereupon at the time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments;

(2) any and all taxes, assessments and governmental charges upon or on account of the income or property of the trust, or upon or on account of this Agreement, which the Trustee as such may be required to pay;

(3) (a) the amounts of the interest payable on the Trust Certificates, when and as the same shall become payable, and (b) interest at the rate of 10-1/4% per annum from the due date, upon the amount of any installments of rental payable under this and the following subparagraph which shall not be paid when due, to the extent legally enforceable; and

(4) (a) on or before February 15 and August 15 in each year commencing August 15, 1983, and terminating February 15, 1993, as a sinking fund for the Trust Certificates an amount equal to the Mandatory Sinking Fund Payment plus such additional amount (not exceeding an amount equal to the Mandatory Sinking Fund Payment), if any, as shall be specified in the Request referred to in the second paragraph of Section 2.02, and (b) amounts equal to the principal of the Trust Certificates, when and as the same shall become payable, whether upon the date of maturity thereof or by redemption (otherwise than through the operation of the Sinking Fund), declaration or otherwise.

All payments made under this Section and Sections 3.03, 4.06, 4.08 and 7.09 shall be made by wire transfer in immediately available or Federal funds at or before 11:00 a.m. local Salt Lake City time, on the date such payments are due.

Nothing contained herein or in the Trust Certificates shall be deemed to impose on the Trustee or on ITEL (except as provided in Section 4.04(B)(2)) any obligation to pay to the registered holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America, or of any state, county, municipality or other taxing authority thereof, to be paid in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate.

ITEL shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, provided that, in the judgment of the Trustee and as set forth in an Opinion of Counsel which shall have been furnished to the Trustee, the rights or interests of the Trustee or of the holders of the Trust Certificates may not be materially endangered thereby.

SECTION 4.05. Termination of Trust and Lease.

After all payments due or to become due from ITEL hereunder shall have been completed and fully made to the Trustee (1) such payments shall be deemed to represent payment of the full purchase price for ITEL's purchase at such time of the Trust Equipment from the Trustee, (2) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee, including its reasonable compensation, shall be paid to ITEL, (3) title to all the Trust Equipment shall vest in ITEL and (4) the Trustee shall execute for record in public offices, at the expense of ITEL, such instrument or instruments in writing as reasonably shall be requested by ITEL in order to make clear upon public records ITEL's title to all the Trust Equipment under the laws of any jurisdiction; provided, however, that until that time title to the Trust Equipment shall not pass to or vest in ITEL, but title to and ownership of all the Trust Equipment shall be and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by ITEL pursuant to the terms of this Agreement.

SECTION 4.06. Substitution, Replacement and Release of Trust Equipment. Upon Request, the Trustee shall, at any time and from time to time, execute and deliver a bill of sale assigning and transferring to the transferee named by ITEL all the right, title and interest of the Trustee in and to any or all of the units of Trust Equipment; provided, however, that (1) there shall be paid to the Trustee cash in an amount not less than the value, as of the date of such Request, of each unit of Trust Equipment to be assigned or transferred by the Trustee or (2) if no Event of Default shall have occurred and be continuing, there shall be conveyed to the Trustee at the time of assignment or transfer of any units of Trust Equipment, other units of Equipment of a value not less than the value of, as of the date of such Request, the units of Trust Equipment to be assigned or transferred and having an estimated useful life beyond August 15, 1993.



At the time of delivery of any Request pursuant to the first paragraph of this Section, ITEL shall, if other Equipment is to be conveyed to the Trustee in substitution for the Trust Equipment to be assigned or transferred by the Trustee, deliver to the Trustee the following papers:

(1) an Officer's Certificate certifying (i) the value, as of the date of said Request, of the Trust Equipment so to be assigned or transferred by the Trustee, the date such Trust Equipment was first put into service (or that such Trust Equipment was first put into service not later than a specified date), and that such Trust Equipment is being sold by ITEL to a person other than an Affiliate of ITEL, (ii) the value of such substituted Equipment as of such date and the date such substituted Equipment was first put into service or that such substituted Equipment was first put into service not earlier than a specified date, (iii) that each unit so to be substituted is Equipment as herein defined, has an estimated useful life beyond August 15, 1993, and has been marked as provided in Section 4.07, and (iv) that no Event of Default hereunder has occurred or is continuing;

(2) a certificate, an invoice or invoices and a bill or bills of sale in respect of such substituted Equipment as provided for in subparagraphs (a) and (c) of the first paragraph of Section 3.04;

(3) an executed counterpart of a Lease or a lease authorized pursuant to Section 4.09 and of a Lease Assignment covering each unit of such substituted Equipment; and

(4) an Opinion of Counsel to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Trustee title to such substituted Equipment free from all claims, liens, security interests and other encumbrances (except for any Lease or lease in respect thereof), (ii) that a proper supplement hereto in respect of each substituted unit of Equipment and the Lease or lease and Lease Assignment referred to in subparagraph (3) above have been duly authorized, executed and delivered by the parties thereto and have been recorded with the Interstate Commerce Commission

pursuant to the requirements of Section 20c of the Interstate Commerce Act, and no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment, or such Lease or lease, or this Agreement, in any state of the United States or the District of Columbia.

At the time of delivery of any Request pursuant to the first paragraph of this Section, ITEL shall, if cash is to be paid to the Trustee in respect of the Trust Equipment to be assigned or transferred by the Trustee, deliver to the Trustee an Officer's Certificate to the effect set forth in clause 1(i) of the second paragraph of this Section.

Cash deposited with the Trustee pursuant to this Section or Section 4.08 shall, from time to time, so long as no Event of Default shall have occurred and be continuing, be paid over by the Trustee to ITEL upon Request, against conveyance to the Trustee of units of Equipment (1) having a value, as of the date of said Request, not less than the amount of cash being paid over by the Trustee to ITEL pursuant to such Request, (2) having an estimated useful life beyond August 15, 1993, and (3) upon delivery to the Trustee of papers corresponding to those set forth in the second paragraph of this Section, with such appropriate modifications as may be approved by the Trustee; provided, however, that cash on deposit with the Trustee at any time when an Event of Default shall have occurred and be continuing shall be applied by the Trustee to redeem without premium Trust Certificates.

For all purposes of this Section, where value is required to be determined in an Officer's Certificate or in connection with a Request, value shall be determined as follows (and the manner of such determination set forth in each Officer's Certificate furnished in respect thereof including a statement of actual fair value):

(1) the value of any unit of Trust Equipment assigned or transferred by the Trustee as provided in this Section shall be deemed to be the greater of (a) the actual fair value thereof or (b) the Cost thereof as theretofore certified to the Trustee less 1/15 of such Cost for each full period of one year elapsed between (i) the later of August 15, 1978, and the date such unit was first put into use, as certified to the Trustee, and (ii) the date of the Request furnished pursuant to this Section; and

(2) the value of any unit of Equipment conveyed to the Trustee as provided in this Section shall be deemed to be the lesser of (a) the actual fair value thereof or (b) the original Cost of such unit less 1/15 of such Cost for each full period of one year elapsed between (i) the later of August 15, 1978, and the date such unit was first put into use, as certified to the Trustee, and (ii) the date of the Request furnished pursuant to this Section.

SECTION 4.07. Marking of Trust Equipment. ITEL has caused each unit of Trust Equipment before delivery of each such unit to be marked plainly, distinctly, permanently and conspicuously on each side of each unit of the Trust Equipment, in letters not less than one inch in height, the following legend:

"OWNED BY A BANK OR TRUST COMPANY  
UNDER A SECURITY AGREEMENT FILED UNDER THE  
INTERSTATE COMMERCE ACT, SECTION 20c"

or such other words as shall be approved by the Trustee. Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, ITEL shall cause the same to be restored or replaced. ITEL shall not change, or permit to be changed, the numbers of any of the Trust Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and which shall be filed and recorded by ITEL in like manner as this Agreement.

The Trust Equipment may be lettered in an appropriate manner for convenience of identification of the leasehold interest of ITEL therein, and may also be lettered in the case of any of the leases permitted in Section 4.09 in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but ITEL, during the continuance of any lease provided for herein, will not allow the name of any person, firm, association or corporation to be placed on any of the Trust Equipment as a designation which might reasonably be interpreted as a claim of ownership thereof by ITEL or by any person, firm, association or corporation other than the Trustee; provided, that the Trust Equipment may be lettered with the names or initials or other insignia customarily used by ITEL or its Affiliates or by the lessees of the Trust Equipment.

SECTION 4.08. Maintenance of Trust Equipment; Casualty Occurrences; Insurance. ITEL agrees that it will maintain or cause to be maintained and keep all the Trust Equipment in good order and proper repair at no cost or expense to the Trustee, unless and until it becomes worn out, unsuitable for use, lost, destroyed or damaged beyond economical repair (herein called a Casualty Occurrence). Whenever any unit of the Trust Equipment shall suffer a Casualty Occurrence ITEL shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the value thereof as of the date such Trust Equipment suffered such Casualty Occurrence. When the total value of all units of the Trust Equipment having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Trustee pursuant to this Section) shall exceed \$250,000, or 1-1/2% of the principal amount of the Trust Certificates then outstanding, whichever is less, ITEL, within 30 days of such event, shall deposit with the Trustee an amount in cash equal to the value of such units as of the date of such deposit. The rights and remedies of the Trustee to enforce or to recover any of the rental payments to which the Trustee is otherwise entitled hereunder shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, the value of any unit of Trust Equipment (other than a replacement unit which suffers a Casualty Occurrence) shall be deemed to be that amount which bears the same ratio to that portion of the original Cost thereof paid by the Trustee pursuant to Section 3.02 as the aggregate unpaid principal amount of the Trust Certificates (without giving effect to any redemption thereof (except for redemption through the making of Mandatory Sinking Fund Payments) then or theretofore made pursuant to this Agreement), as of the date such determination of value is made, bears to the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01. For all purposes of this paragraph, the value of each replacement unit which suffers a Casualty Occurrence shall be deemed to be that amount which bears the same ratio to 80% of the value thereof (determined as provided in subparagraph (1) of the last paragraph of Section 4.06), as of the date of acquisition by the Trustee of such replacement unit, as the unpaid aggregate principal amount of the Trust Certificates (without giving effect to any redemption thereof (except for redemption through the making of Mandatory Sinking Fund Payments) then or theretofore made pursuant to this Agreement), as of the date such

determination of value is made, bears to the unpaid aggregate principal amount of the Trust Certificates (without giving effect to any such redemption) as of the date of acquisition by the Trustee of such replacement unit. Cash deposited with the Trustee pursuant to this Section or Section 4.06 shall be held and applied at the election of ITEL (as evidenced by a Request) either (i) as provided in the fourth paragraph of Section 4.06 (except that the Equipment conveyed to the Trustee shall have a value not less than 125% of the amount of cash being paid over by the Trustee) if an Event of Default shall not have occurred and be continuing or (ii) to redeem without premium the principal of the Trust Certificates as hereinafter provided; and shall be applied as provided in clause (ii) if an Event of Default shall have occurred and be continuing.

In the event moneys deposited pursuant to this Section or Sections 3.04 or 4.06 are to be applied to the redemption of Trust Certificates, such redemption shall be made on the Sinking Fund installment date next succeeding the Request therefor (or as promptly as practicable in case an Event of Default shall have occurred and be continuing). Any redemption made pursuant to this Section or Sections 3.04, 4.06 or 7.09 shall be credited pro rata against each of the rentals thereafter to be paid pursuant to Section 4.04(B)(4)(a) in respect of Mandatory Sinking Fund Payments.

ITEL agrees to furnish to the Trustee, on or before April 1 in each year commencing with 1979, an Officer's Certificate dated as of the preceding December 31, (1) stating the amount, description and numbers of the units of Trust Equipment that may have suffered a Casualty Occurrence or are then withdrawn for repairs (other than running repairs) since the date of the last preceding statement (or the date of this Agreement in the case of the first statement), (2) identifying the units of Trust Equipment then being leased by ITEL as permitted hereunder (including the name of each lessee, the term of each lease and the date of each agreement pursuant to which such Trust Equipment is leased) and specifying which units of Trust Equipment are not then being leased by ITEL and (3) certifying that ITEL is not in default under any provision of this Agreement or specifying all such defaults and the action being taken by ITEL to remedy the same. The Trustee, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect, at the expense of ITEL, the Trust Equipment, and ITEL covenants in that event to furnish to the Trustee all reasonable facilities for the making of such inspection.

ITEL will, at its own expense, cause to be carried and maintained insurance in respect of the Trust Equipment in amounts and against risks customarily insured against by railroad companies on similar equipment.

SECTION 4.09. Possession of Trust Equipment; Security Interest in Leases. Except as provided in this Section, ITEL will not assign or transfer its rights hereunder, or transfer or lease the Trust Equipment or any part thereof, without the written consent of the Trustee first had and obtained; and ITEL shall not, without such written consent, except as herein permitted, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment.

So long as ITEL shall not be in default under this Agreement, ITEL shall be entitled to the possession of the Trust Equipment, and also to maintain, modify, alter, amend, terminate or enter into Leases and other leases of the Trust Equipment and to permit its use by, a lessee or user in the United States of America (or any state thereof or the District of Columbia) or in the Dominion of Canada or any Province or Territory thereof or in the Republic of Mexico, all subject, however, to the rights and remedies of the Trustee hereunder; provided, however, (1) each such Lease or other lease shall be assigned to the Trustee pursuant to an assignment in substantially the form of a Lease Assignment, (2) ITEL shall not without the prior written consent of holders of at least a majority in aggregate unpaid principal amount of the Trust Certificates enter into any Lease or other lease or car contract relating to the use of Trust Equipment with any lessee or user which is not a railroad company duly incorporated under the laws of the United States or any state thereof, and (3) not more than 10% of the units of Trust Equipment shall be used or located at any one time in the Dominion of Canada or any Province or Territory thereof and/or in the Republic of Mexico.

SECTION 4.10. Indemnity. Subject to the provisions of Section 9.02, ITEL covenants and agrees to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants, and the holders of the Trust Certificates, against any and all claims (including, without limitation, claims involving strict or absolute liability), liabilities, obligations, damages, penalties, taxes (other than income

taxes on fees or other compensation received by the Trustee in its capacity as Trustee hereunder and other than income taxes on payments of principal of and interest on the Trust Certificates and any other payments to the holders thereof hereunder), actions, costs, suits, expenses or disbursements (including, without limitation, legal fees and expenses), or losses of any kind or nature whatsoever which may be imposed on or asserted against the Trustee and its respective successors, assigns, legal representatives, agents and servants or against the holders of the Trust Certificates or losses arising out of or connected with the ownership, lease, use, sublease, operation, manufacture, purchase, acceptance, rejection, delivery, possession, maintenance, condition, registration, recording, sale, return, storage, or other disposition of any of the Trust Equipment, and particularly against any and all claims, liabilities or losses arising out of the use of any patented inventions in and about the Trust Equipment, and to comply in all respects with the laws of the United States of America and of all the states and other jurisdictions in which the Trust Equipment, or any unit thereof, may be operated, and with all lawful acts, rules, regulations and orders of any commissions, boards and other legislative, executive, administrative or judicial bodies or officers having power to regulate or supervise any of the Trust Equipment, including without limitation all lawful acts, rules, regulations and orders of any body having competent jurisdiction relating to automatic coupler devices or attachments, air brakes or other appliances; provided, however, that ITEL may in good faith contest the validity of any such law, act, rule, regulation or order, or the application thereof to the Trust Equipment or any part thereof, in any reasonable manner which will not in the reasonable judgment of the Trustee materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates. ITEL shall not be relieved from any of its obligations hereunder by reason of the assertion or enforcement of any such claims or the commencement or prosecution of any litigation in respect thereof.

## ARTICLE FIVE

### Events of Default and Remedies

SECTION 5.01. Events of Default. ITEL covenants and agrees that in case:

(a) ITEL shall default in the payment of (i) any part of the rental payable hereunder (including advance rental but excluding rental required to make Mandatory Sinking Fund Payments in respect of the Trust Certificates) or any amount payable pursuant to its guaranty of the Trust Certificates for more than five days after the same shall have become due and payable or (ii) that part of the rental required to make Mandatory Sinking Fund Payments in respect of the Trust Certificates; or

(b) ITEL shall suffer any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancellation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided in subparagraph (1) of the last paragraph of Section 4.06), of such Trust Equipment (any sum so deposited to be returned to ITEL upon the cancellation of such assignment, transfer or lease and the recovery of possession by ITEL of such Trust Equipment); or

(c) ITEL shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof, of the Purchase Agreement or of any Lease Assignment on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance; or

(d) ITEL or any Restricted Subsidiary shall default in any payment of any Indebtedness (for purposes of this Section 5.01(d), there shall be included in the computation of Indebtedness any indebtedness of an Unrestricted Subsidiary similar to the indebtedness included in the computation of Indebtedness under Section 1.01) (other than any part of the rental payable by ITEL hereunder or any amount payable pursuant to ITEL's guarantee of



the Trust Certificates) beyond any period of grace provided with respect thereto, or shall default in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created, and (i) the effect of such default, if it occurs prior to the stated maturity or scheduled date for the payment thereof, is to cause, (a) Indebtedness, such rentals or other obligations to become due prior to the stated maturity or scheduled date for the payment thereof or (b) such agreement to be terminated; (ii) the aggregate principal amount of (a) Indebtedness, rentals and other obligations with respect to the payment of which ITEL or any Subsidiary is so in default and (b) Indebtedness, rentals and other obligations which are so accelerated exceeds 10% of the aggregate principal amount of all Consolidated Funded Debt at the time outstanding and (iii) such default is not cured and the related declaration of acceleration or termination is not revoked within 30 days after such event would, but for this clause (iii), constitute an Event of Default hereunder; or

(e) any material representation or warranty made by ITEL herein or in any writing furnished in connection with or pursuant to this Agreement or the Purchase Agreement shall be false in any material respect as of the date as of which made; or

(f) a decree or order shall have been entered by a court of competent jurisdiction adjudging ITEL or any Restricted Subsidiary whose Net Tangible Assets are equal to not less than 10% of Consolidated Net Tangible Assets a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of ITEL or any Restricted Subsidiary under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of ITEL or any Restricted Subsidiary (and such decree or order shall not have been discharged, stayed or otherwise rendered ineffective within 60 days after such entry); or

(g) ITEL or any Restricted Subsidiary whose Net Tangible Assets are equal to not less than 10% of Consolidated Net Tangible Assets shall file a petition in voluntary bankruptcy or seeking relief under any

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provision of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or shall consent to the filing of any such petition against it or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver, trustee or liquidator of ITEL or any Restricted Subsidiary or action shall be taken by ITEL or any Restricted Subsidiary in furtherance of any of the aforesaid purposes;

then, in any such case (herein sometimes called an Event of Default), the Trustee in its discretion may, and upon the written request of (x) the holders of a majority, if such request is made with respect to an Event of Default under subparagraphs (b) or (e) of this paragraph, (y) the holders of 25%, if such request is made with respect to an Event of Default under subparagraph (a), (c), (d), (f) or (g) of this paragraph, in aggregate unpaid principal amount of the then outstanding Trust Certificates or (z) any holder of Trust Certificates if such request is made with respect to an Event of Default under said subparagraph (a) if such holder has not received payment of any principal or interest due and payable on such holder's Trust Certificates within five days after such holder shall have given written notice thereof to both ITEL and to the Trustee, the Trustee shall, by notice in writing delivered to ITEL, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such declaration) payable by ITEL, as set forth in Section 4.04 and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of 10-1/4% per annum, to the extent legally enforceable, on any portion thereof overdue.

In case any one or more Events of Default shall happen, the Trustee in its discretion also may, and upon the written request of the holder or holders of the then outstanding Trust Certificates the written request of which would require the Trustee to accelerate rentals under the next preceding paragraph of this Section 5.01 as a result of the occurrence of such Event of Default shall, by notice in writing delivered to ITEL, declare the unpaid principal

of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case ITEL shall fail to pay any installment of rental payable pursuant to Section 4.04(B)(3) or (B)(4), when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of ten days, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the rentals so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against ITEL or any other obligor upon the Trust Certificates and collect in the manner provided by law out of the property of ITEL or any other obligor upon the Trust Certificates wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of ITEL under the Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of ITEL, or in case of any other similar judicial proceedings relative to ITEL, or to the creditors or property of ITEL, the Trustee, irrespective of whether the rental payments hereunder or the unpaid principal amount of the Trust Certificates shall then be due and payable as herein or therein expressed whether by declaration or otherwise and irrespective of whether the Trustee shall have made any demand or declaration pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such payment of all amounts due), and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct) and of the holders of the Trust Certificates allowed in such proceedings and to collect and receive any moneys or other property payable or deliverable on any such

claims, and to distribute all amounts received with respect to the claims of the holders of the Trust Certificates and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of the Trust Certificates to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the holders of the Trust Certificates, to pay to the Trustee such amount (which to the extent necessary shall be deducted and paid from the amounts payable to the holders) as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct.

All rights of action and to assert claims under this Agreement or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as Trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provisions of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

SECTION 5.02. Remedies. In case of the happening of any Event of Default, the Trustee may by its agents enter upon the premises of ITEL and of any Affiliate or of any lessee (or other person having acquired the use of the Trust Equipment) where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, incentive per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by ITEL and the

unpaid principal of all the then outstanding Trust Certificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of ITEL at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that ITEL may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal, lease or sale of the Trust Equipment, ITEL shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by ITEL and no payments theretofore made by ITEL for the rent or use of the Trust Equipment or any of it shall give to ITEL any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking of possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from ITEL of rentals then or thereafter due and payable, or of principal and interest in respect of the Trust Certificates, and ITEL shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the obligations of ITEL under this Agreement.

SECTION 5.03. Application of Proceeds. If the Trustee shall exercise any of the powers conferred upon it by Sections 5.01 and 5.02, all payments made by ITEL to the Trustee, and the proceeds of any judgment collected from ITEL by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee

to the payment in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of 10-1/4% per annum, to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest on any overdue portion thereof at the rate of 10-1/4% per annum, to the extent legally enforceable, whether or not such Trust Certificates shall have been matured by their terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest.

After all such payments shall have been made in full, the title to any of the Trust Equipment remaining unsold shall be conveyed by the Trustee to ITEL free from any further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, ITEL agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to ITEL.

**SECTION 5.04. Waivers of Default.** Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of not less than 66-2/3% in aggregate unpaid principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive by an instrument in writing delivered to the Trustee any past default and its consequences, except a default in the payment of any installment of rental payable pursuant to Section 4.04(B)(3) or (B)(4), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before August 15, 1993, all arrears or rent (with interest at the rate of 10-1/4% per annum upon any overdue installments, to the extent

legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by ITEL's default, and all other sums which shall have become due and payable by ITEL hereunder shall be paid by ITEL before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested in writing by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, shall by written notice to ITEL waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. Obligations of ITEL Not Affected by Remedies. No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against ITEL or in respect of the Trust Equipment on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to ITEL by the Trustee or by any such holder, shall affect the obligations of ITEL hereunder or the obligations of ITEL under the guaranty endorsed on the Trust Certificates.

ITEL hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. ITEL To Deliver Trust Equipment to Trustee. In case an Event of Default shall occur and be continuing and the Trustee shall demand possession of any of the Trust Equipment ITEL will, as soon as possible, cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, at the expense of ITEL, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement, and upon application to any court having

jurisdiction in the premises, the Trustee shall be entitled to a decree against ITEL, requiring the specific performance thereof.

SECTION 5.07. Trustee to Give Notice of Default.  
The Trustee shall give to the registered holders of the Trust Certificates notice of each Event of Default hereunder actually known to the Trustee at its Corporate Trust Office, within 30 days after it so learns of the same, unless remedied or cured before the giving of such notice.

SECTION 5.08. Control by Holders of Trust Certificates. The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction (i) if the Trustee shall be advised by counsel that the action so directed may not lawfully be taken or (ii) if the Trustee shall be advised by counsel that the action so directed may involve it in personal liability as to which the holders have not agreed fully to indemnify the Trustee. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction given hereunder.

SECTION 5.09. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of ITEL.

## ARTICLE SIX

### Additional Covenants and Agreements by ITEL

SECTION 6.01. Guaranty of ITEL. ITEL unconditionally covenants, agrees and guarantees that the holder of



each of the Trust Certificates shall receive the principal amount thereof in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, when and as the same shall become due and payable, in accordance with the provisions thereof and of this Agreement (and, if not so paid, with interest thereon until paid at the rate of 10-1/4% per annum, to the extent legally enforceable), and shall receive interest thereon in like money at the rate specified therein, at the times and place and otherwise as expressed in the Trust Certificates (and, if not so paid, with interest thereon until paid at the rate of 10-1/4% per annum, to the extent legally enforceable); and ITEL agrees to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, its guarantee of the prompt payment of the principal thereof and the interest thereon, in substantially the form set forth in Schedule B hereto. Said guarantee so endorsed shall be signed in the name and on behalf of ITEL, by the manual signature of the President, any Vice President or the Treasurer of ITEL or of ITEL's Transportation Services Group or Rail Division. In case any officer of ITEL or of ITEL's Transportation Services Group or Rail Division whose signature shall appear on said guarantee shall cease to be such officer before the Trust Certificates shall have been issued and delivered by the Trustee, or shall not have been acting in such capacity on the date of the Trust Certificates, such guarantee shall nevertheless be as effective and binding upon ITEL as though the person who signed said guarantee had not ceased to be or had then been such officer.

SECTION 6.02. Discharge of Liens. ITEL covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien, charge, security interest or other encumbrance upon or against any of the Trust Equipment; but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided that such contest will not materially endanger the rights or interest of the Trustee, or of the holders of the Trust Certificates and ITEL shall have furnished the Trustee with an Opinion of Counsel to such effect. If ITEL does not forthwith pay and discharge,

or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section, the Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Agreement until reimbursed by ITEL.

SECTION 6.03. Recording. ITEL will, promptly after the execution and delivery of this Agreement, each Lease covering Trust Equipment, each lease authorized pursuant to Section 4.09, each Lease Assignment and each supplement or amendment hereto or thereto, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. ITEL will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments required by the laws of the United States of America or any State thereof or reasonably requested by the Trustee for the purposes of proper protection of the title of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof.

Promptly after the execution and delivery of this Agreement, each Lease, each lease authorized pursuant to Section 4.09, each Lease Assignment and each supplement or amendment hereto or thereto, ITEL will furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, such document has been properly deposited, filed, registered and recorded and redeposited, refiled, reregistered and rerecorded, if necessary, so as effectively to protect the title of the Trustee to the Trust Equipment and with respect to the filing of such Lease Assignment, the security interest of the Trustee in the Lease or such other lease authorized pursuant to Section 4.09 covered by such Lease Assignment under the laws of the United States of America or any State thereof and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.04. Further Assurances. ITEL covenants and agrees that from time to time it will do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

## ARTICLE SEVEN

Negative Covenants

ITEL covenants and agrees that from the date hereof and until payment in full of the principal and the interest on the Trust Certificates, unless holders of not less than 66-2/3% in aggregate principal amount of Trust Certificates then outstanding shall otherwise consent in writing, it will not, nor will it permit any Restricted Subsidiary to:

SECTION 7.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness except

(a) Subordinated Debt as shown on the Consolidated Balance Sheet to the extent such Subordinated Debt is outstanding on the date hereof;

(b) additional Subordinated Debt; provided, however, that, at the time of and after giving effect to the incurrence thereof, the aggregate of Consolidated Subordinated Debt will not exceed 100% of Consolidated Stockholders' Equity;

(c) Senior Funded Debt as shown on the Consolidated Balance Sheet to the extent such Senior Funded Debt is outstanding on the date hereof;

(d) additional Senior Funded Debt; provided, however, that, at the time of and after giving effect to the incurrence thereof, the total of all Consolidated Senior Funded Debt (including, for purposes of this Section 7.01(d) only, the highest aggregate principal amount of Short Term Debt of ITEL and its Restricted Subsidiaries outstanding on any one day during the 30 consecutive day period during the immediately preceding 12 month period during which ITEL and its Restricted Subsidiaries had outstanding the lowest aggregate principal amount of Short Term Debt) will not exceed (i) 375%, if such Senior Funded Debt is incurred on or prior to December 31, 1982, or (ii) 350%, if such Senior Funded Debt is incurred on or after January 1, 1983, of the Consolidated Senior Borrowing Base;

(e) such of the Indebtedness of a corporation as exists at the time when, within the limitations

set forth in Section 7.04, (i) such corporation hereafter becomes a Restricted Subsidiary of or is merged into ITEL or one of its Restricted Subsidiaries, or (ii) substantially all the assets of such corporation are acquired by ITEL or one of its Restricted Subsidiaries; provided, however, that the relevant debt tests of Sections 7.01(b) and (d) shall at all times be met as if such Indebtedness was then being incurred; and

(f) Short Term Debt, provided, however, that ITEL shall not at any time create, assume or suffer to exist any Short Term Debt unless there shall have been a period of at least 30 consecutive days in the immediately preceding 12 month period during which ITEL had no Short Term Debt outstanding, provided, further, that if on any date when ITEL is prohibited from creating, assuming or suffering to exist Short Term Debt by the provisions of the foregoing proviso of this Section 7.01(f), ITEL may nevertheless create, assume or suffer to exist Short Term Debt if throughout the 30 consecutive day period during such 12 month period during which ITEL and its Restricted Subsidiaries had outstanding the lowest aggregate principal amount of Short Term Debt, ITEL was permitted by Section 7.01(d) to incur additional Senior Funded Debt equal to the highest aggregate principal amount of Short Term Debt of ITEL and its Restricted Subsidiaries outstanding on any one day during such 30 day period.

SECTION 7.02. Liens. Incur, create, assume or permit to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever (including conditional sales or other title retention agreements) on any property or assets now owned or hereafter acquired by it, other than:

(a) liens for taxes or assessments and similar charges, either (i) not delinquent or (ii) being contested in good faith by appropriate proceedings in accordance with the requirements of Section 6.02;

(b) liens incurred or pledges and deposits in connection with workmen's compensation, unemployment

insurance, old-age pensions and other social security benefits or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, surety and appeal bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(c) statutory liens of landlords and other liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's and vendors' liens, incurred in good faith in the ordinary course of business, and deposits made in the ordinary course of business to obtain the release of any such liens;

(d) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under or asserted by a landlord or owner of the leased property, with or without consent of the lessee), none of which, in the opinion of ITEL, materially impairs the use of such property in the operation of the business of ITEL or any Restricted Subsidiary or the value of such property for the purpose of such business;

(e) liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which ITEL or a Restricted Subsidiary, as the case may be, shall have set aside on its books adequate reserves;

(f) subject to each and every other provision of this Article Seven, leases, security agreements, mortgages, conditional sales or title retention contracts to secure the purchase price of fixed or capital assets purchased or leased by ITEL or any of its Restricted Subsidiaries or existing on such fixed or capital assets at the time of purchase or lease, or any renewal, extension or refunding (in an amount not in excess of the then outstanding indebtedness) of the same, or to secure indebtedness (in an amount not in excess of the lesser of

the cost or fair market value of the fixed or capital assets hereinafter referred to) incurred by ITEL or any of its Restricted Subsidiaries for the purpose of reimbursing itself for the cost of acquisition and/or the cost of improvement of fixed or capital assets owned or leased by ITEL or any of its Restricted Subsidiaries, provided that each such lease, security agreement, mortgage, conditional sales or title retention contract shall at all times be confined solely to the fixed or capital assets so purchased, leased or refinanced;

(g) liens on the property or assets of any Restricted Subsidiary securing indebtedness of such Restricted Subsidiary to ITEL;

(h) subject to each and every other provision of this Article Seven, liens securing Indebtedness permitted by Sections 7.01(c), (d) and (e), excluding Subordinated Indebtedness permitted by Section 7.01(e); and

(i) liens incidental to the conduct of the respective businesses of ITEL and its Restricted Subsidiaries or the ownership of their respective properties and assets which were not incurred to secure any indebtedness of ITEL or of any Restricted Subsidiary and which do not in the aggregate materially detract from the value of such properties and assets or materially impair the use thereof in the operation of the respective businesses of ITEL and its Restricted Subsidiaries.

In addition, neither ITEL nor any Restricted Subsidiary shall at any time hereafter incur, create or assume any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any property or assets now owned or hereafter acquired by it securing any of its obligations which were theretofore unsecured (unless such obligations were theretofore subject to an agreement under which the obligee had the option to have the same so secured) unless ITEL equally and ratably secures the payment of all rentals and indebtedness payable by it under this Agreement and the Trust Certificates.

SECTION 7.03. Capital Distributions. Declare or pay any dividend on the capital stock of ITEL or any

Restricted Subsidiary (other than dividends payable solely in shares of the common stock of ITEL or such Restricted Subsidiary or dividends payable by a Restricted Subsidiary to ITEL), or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value any share of the capital stock of ITEL or any Restricted Subsidiary, or make optional prepayments of Subordinated Debt by way of sinking fund or otherwise, or make any Restricted Investment (all of the foregoing being hereinafter called Restricted Payments), except that, so long as no Event of Default or event which with the giving of notice or the passage of time or both would constitute an Event of Default shall have occurred and be continuing, ITEL or any Restricted Subsidiary may make Restricted Payments if the sum of all Restricted Payments made after December 31, 1976, plus the Restricted Payments then proposed to be made shall not exceed the sum (hereinafter called the Maximum Restricted Payment) of (i) Consolidated Net Income for the period from January 1, 1977, to the date of the declaration or payment of the Restricted Payment or Payments proposed to be made (taken as one accounting period), (ii) net cash proceeds realized by ITEL and its Restricted Subsidiaries after December 31, 1976, from the issuance of, or the conversion of other securities of ITEL and/or any Restricted Subsidiary to, capital stock of ITEL and/or its Restricted Subsidiaries, (iii) \$5,000,000 and (iv) in the case of a Restricted Investment only, 15% of Consolidated Net Tangible Assets as of the date of making such Restricted Investment.

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Nothing contained in the foregoing shall prevent (i) the payment of any dividend on the capital stock of ITEL or any Restricted Subsidiary within 90 days after the date of declaration thereof if, at the time of such declaration and after giving effect thereto, there was compliance with the provisions hereof or (ii) the retirement of any shares of the capital stock of ITEL by exchange for, or out of the proceeds of the substantially concurrent sale of, other shares of its capital stock. If ITEL shall at any time retire any shares of its capital stock pursuant to clause (ii) of this paragraph, such retirement and any such proceeds shall not be included in any computation thereafter made of the Maximum Restricted Payment.

For purposes of calculating at any time the aggregate amount of Restricted Payments, the value of any Restricted Investment in an Unrestricted Subsidiary shall be deemed to be the net book value of such investment at the time such investment was first made reduced by the amount of any repayment of such investment made by such Unrestricted Subsidiary.

SECTION 7.04. Consolidations and Mergers. Consolidate with or merge into any corporation, except (i) ITEL may merge or consolidate with another corporation if ITEL is the survivor of such merger or consolidation and ITEL, upon the consummation of such merger or consolidation, shall not be in default under any of the terms of this Agreement, (ii) any Restricted Subsidiary may be merged into any other Restricted Subsidiary and (iii) any Restricted Subsidiary may merge or consolidate with an Unrestricted Subsidiary if (a) the surviving corporation is a Restricted Subsidiary, and (b) immediately after the consummation of such merger or consolidation, and after giving effect thereto, no Default or Event of Default would exist, provided that any indebtedness of any such Unrestricted Subsidiary assumed (whether expressly or by operation of law) by the Restricted Subsidiary into which such Unrestricted Subsidiary shall be merged or consolidated, shall for all purposes hereof be deemed to be Indebtedness of such Restricted Subsidiary incurred on the effective date of such merger or consolidation.

SECTION 7.05. Stockholders' Equity. In the case of ITEL, permit the Consolidated Stockholders' Equity of ITEL at any time to be less than \$130 million.

SECTION 7.06. Cash Flow. Permit Cash Flow for the twelve month period ending on the last day of any fiscal year to be less than 100% of the aggregate of all payments of principal of Consolidated Funded Debt which are scheduled to be made during the next succeeding twelve consecutive month period.

SECTION 7.07. Interest Coverage. Permit at the end of any quarterly fiscal period of ITEL, Consolidated Earnings Available for Interest Coverage for such fiscal period then ending and the three quarterly fiscal periods next preceding such fiscal period then ending to be less than 150% of Consolidated Interest Expense.



SECTION 7.08. Commercial Paper. Issue or sell any commercial paper or other similar short-term Indebtedness contemplated to be retired through the future issuance and sale of other short-term Indebtedness unless, after giving effect thereto, the aggregate principal amount thereof then outstanding shall not exceed the aggregate amount of bank credit lines then unused and available to ITEL and its Restricted Subsidiaries under then outstanding credit or loan agreements.

SECTION 7.09. Disposal of Securities or Sale of Assets. Sell, transfer, assign or otherwise dispose of (i) any equity or debt security owned by it of a Restricted Subsidiary (except for the purpose of qualifying directors) or (ii) all or a substantial portion of its assets unless (A) in the case of any sale, transfer, assignment or other disposition of any equity or debt security of a Restricted Subsidiary, (1) such disposition is of all such securities owned, directly or indirectly, by ITEL and its Subsidiaries immediately prior to such disposition, and (2) the corporation whose securities have been so disposed of does not own, directly or indirectly, after such disposition any equity or debt security of ITEL or any Subsidiary, (B) the sale, transfer, assignment or other disposition of such securities or assets is not made to an Affiliate of the corporation making such disposition and, in the opinion of the Board of Directors (or a duly constituted committee thereof) of ITEL, is for fair value and is in the best interests of ITEL, (C) either (1) the sum of (y) the net book value of such securities or assets sold, transferred, assigned or otherwise disposed of, plus (z) the net book value of any other equity or debt securities of any Restricted Subsidiary theretofore owned by ITEL or any Restricted Subsidiary and the net book value of any other assets of ITEL or any Restricted Subsidiary sold, transferred, assigned or otherwise disposed of during the twelve consecutive month period next preceding the date of the disposition referred to in clause (y) above does not exceed 20% of Consolidated Stockholders' Equity at the time of the disposition referred to in clause (y) above or (2) if such sum exceeds 20% of such Consolidated Stockholders' Equity, ITEL shall offer at the time of the disposition referred to in clause (y) above by written notice to all the holders of Trust Certificates then outstanding to deposit funds with the Trustee in an amount which bears the same ratio to such excess as the ratio of (aa) the principal amount of Trust Certificates outstanding at the time of the disposition referred to

in clause (y) above the holders of which consent to the redemption by filing with the Trustee a written consent thereto within 30 days after ITEL shall have given the written notice referred to above of its offer so to redeem Trust Certificates to (bb) Consolidated Senior Funded Debt outstanding at the time of the disposition referred to in clause (y) above (such funds to be deposited with the Trustee within 45 days after the giving of such notice and to be applied to the redemption, without premium, of Trust Certificates held by such consenting holders by the next succeeding Sinking Fund payment date), (D) the sum referred to in clause (C) above does not exceed 20% of Consolidated Net Tangible Assets at the time of the disposition referred to in clause (C)(1)(y) above and (E) at the time of and after giving effect thereto ITEL shall not be in default under any provision of this Article Seven.

## ARTICLE EIGHT

### Concerning the Holders of Trust Certificates

SECTION 8.01. Evidence of Action Taken by Holders of Trust Certificates. Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate unpaid principal amount of the Trust Certificates may take action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 8.02. Proof of Execution of Instruments and of Holding of Trust Certificates. Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within the United States of America authorized to take

acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the person executing the same.

The ownership of Trust Certificates may be proved by the register of such Trust Certificates or by a certificate of the registrar thereof.

SECTION 8.03. Trust Certificates Owned by ITEL.

In determining whether the holders of the requisite unpaid principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by ITEL or by any other obligor on the Trust Certificates or by an Affiliate of ITEL or any such other obligor shall be disregarded, except that for the purpose of determining whether the trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which are actually known to the Trustee at its Corporate Trust Office to be so owned, shall be disregarded.

SECTION 8.04. Right of Revocation of Action

Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided in Section 8.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action shall be conclusive and binding upon ITEL, the Trustee and the holders of all the Trust Certificates, subject to the provisions of Section 5.08.

## ARTICLE NINE

### The Trustee

SECTION 9.01. Acceptance of Trust. The Trustee hereby accepts the trust imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed.

SECTION 9.02. Duties and Responsibilities of the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any default or Event of Default under this Agreement prior to the time it shall have obtained actual knowledge thereof at its Corporate Trust Office.

No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its wilful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(b) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be the pertinent facts; provided, however, that the foregoing provisions of this subparagraph (b) shall not excuse the Trustee from liability for its action or inaction which was contrary to the express provisions of this Agreement;

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(d) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Trust Certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(f) the Trustee shall not be under any obligation to exercise any of its rights or powers vested in it by this Agreement, at the request, order or direction of any of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

(g) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement. None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the

performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 9.03. Application of Rentals. The Trustee covenants and agrees to apply the rentals received by it under Section 4.04(B) when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04(B).

The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment until fully indemnified by ITEL or by one or more holders of the Trust Certificates against all liability and expenses; and the Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Agreement or of any supplement hereto or statement of new numbers or any assignments or any other statement or document that may be permitted or required to be filed, recorded, refilled or rerecorded in any jurisdiction to protect or perfect any of the security interests contemplated hereby.

SECTION 9.04. Funds May be Held by Trustee; Investments. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on noninterest bearing deposit with itself.

At any time and from time to time, if at the time no Event of Default shall have occurred and be continuing, the Trustee, on Request, shall invest and reinvest Deposited Cash held by it or cash deposited with it pursuant to Sections 4.06, 4.08 or 5.01(b) (hereinafter in this Section called Replacement Funds) in Investments, at such prices, including any premium and accrued interest, as are set forth in such Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

The Trustee shall, on Request, or the Trustee may,

in the event funds are required for payment against acceptance of Trust Equipment or as provided in Section 5.01(b), sell such Investments, or any portion thereof, and restore to Deposited Cash or Replacement Funds, as the case may be, the proceeds of any such sale up to the amount paid for such Investments, including accrued interest.

The Trustee shall, to the extent received, restore to Deposited Cash or Replacement Funds, as the case may be, out of rent received by it for that purpose under the provisions of Section 4.04(B)(1), an amount equal to any expenses incurred in connection with any purchase or sale of Investments and also an amount equal to any loss of principal incident to the sale or redemption of any Investments for a sum less the amount paid therefor, including accrued interest.

Until such time as, to the actual knowledge of the Trustee (obtained at its Corporate Trust Office), ITEL shall be in default under the terms hereof, ITEL shall be entitled to receive any interest (in excess of accrued interest paid from Deposited Cash or Replacement Funds at the time of purchase) or other profit which may be realized from any sale or redemption of Investments.

SECTION 9.05. Trustee Not Liable for Delivery Delays or Defects in Equipment or Title. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the manufacturers thereof or of ITEL, or for any defect in any of the Trust Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto or the security afforded thereby or otherwise.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents as it shall appoint, and shall be answerable only for its own negligent acts, negligent failures to act and wilful misconduct and not for the default or misconduct of any attorney or agent appointed by it with reasonable care. The Trustee shall not be responsible in any way for, and makes no representation with respect to, the recitals herein contained or for the execution or validity or enforceability of this Agreement or of the Trust Certificates (except for its own execution thereof) or for the guaranty by ITEL.

The Trustee shall be entitled to receive payment of all of its expenses and disbursements hereunder, including reasonable counsel fees and expenses, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by ITEL.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates.

Any moneys at any time held by the Trustee or any paying agent hereunder shall, until paid out or invested by the Trustee or any paying agent as herein provided, be held by it in trust as herein provided for the benefit of the holders of the Trust Certificates.

SECTION 9.06. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may resign and be discharged of the trust created by this Agreement by giving at least 30 days' written notice to ITEL. Such resignation shall take effect upon receipt by the Trustee of an instrument of acceptance executed by a successor trustee as herein provided in this Section.

(b) The Trustee may be removed at any time by an instrument in writing signed by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, delivered to the Trustee and to ITEL.

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to ITEL and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, ITEL by an instrument in writing executed by order of its board of directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by ITEL shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above if such appointment is made within one year after completion of the notice, in the manner provided in the next succeeding paragraph, of the appointment of a successor trustee by ITEL. Every successor trustee appointed



pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, or the State of Utah, having its principal office in the City of New York or Salt Lake City, and having a capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) ITEL shall give notice to the holders of all outstanding Trust Certificates of each resignation or removal of the then Trustee and of each appointment by ITEL of a successor trustee pursuant to this Section by mailing written notice of such event by first class mail, postage prepaid.

SECTION 9.07. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 9.06 shall execute, acknowledge and deliver to ITEL and to its predecessor trustee an instrument accepting such appointment hereunder and, subject to the provisions of Section 9.06(a), thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Request of ITEL or written request of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon written request of any such successor trustee, ITEL shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 9.05.

SECTION 9.08. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 9.06, without the execution or filing of any paper

or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 9.09. Return of Certain Moneys to ITEL. Notwithstanding any provision of this Agreement, any moneys paid to the Trustee which are applicable to the payment of the principal of or the interest on, any Trust Certificates which remain unclaimed for five years after the day when such moneys were due and payable shall then be repaid to ITEL upon Request, and the holders of such Trust Certificates shall thereafter be entitled to look only to ITEL for payment thereof and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to ITEL as aforesaid, the Trustee may first publish a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Trust Certificates so payable and not presented and in respect of the provisions hereof relating to the repayment to ITEL of the moneys held for the payment thereof.

## ARTICLE TEN

### Miscellaneous

SECTION 10.01. Rights Confined to Parties and Holders. Nothing expressed or implied herein is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefits of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 10.02. No Recourse. No recourse under any obligation, covenant or agreement of this Agreement or of the guaranty endorsed on any Trust Certificate shall be had against any incorporator, stockholder, officer or director, past, present or future, of ITEL, solely by reason of the fact that such person is an incorporator, stockholder, officer or director, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional

provision, statute or otherwise, of such incorporators, stockholders, officers or directors, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

SECTION 10.03. Amendment or Waiver. Any provision of this Agreement may be amended or waived with the written consent of the holders of not less than 66-2/3% of the aggregate unpaid principal amount of the Trust Certificates then outstanding; provided, however, that without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of instalments of principal or reduce the redemption prices set forth in this Agreement or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates, (2) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust otherwise than as expressly permitted by the present terms of this Agreement, or (3) reduce the percent of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver; and, provided, further, however, that no such amendment or waiver shall modify the rights, duties, or immunities of the Trustee without the prior written consent of the Trustee.

SECTION 10.04. Binding upon Assigns. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 10.05. Notice. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of ITEL, ITEL Corporation, Rail Division, Two Embarcadero Center, San Francisco, California 94111, Attention of President, or such other address as may hereafter be furnished to the Trustee in writing by ITEL, (b) in the case of the Trustee, Corporate Trust Division, Trust Department, First Security Bank of Utah, National Association, Deseret Building, 79 South Main Street, Salt Lake City, Utah 84111, with a copy to ITEL, or such other address as may hereafter be furnished to ITEL in writing by the Trustee and (c) in the case of any holder of the Trust Certificates, at such address as is provided in the

Purchase Agreement or as otherwise furnished in writing to the Trustee. An affidavit by any person representing or acting on behalf of ITEL, the Trustee or the holders of the Trust Certificates as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 10.06. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.


SECTION 10.07. Date Executed. This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 10.08. Law Governs. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, ITEL and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH,  
National Association, as Trustee,

by -

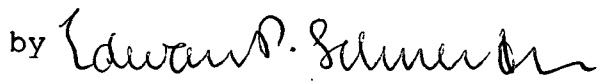
  
Authorized Officer

[Seal]

Attest:

  
Authorized Officer

ITEL CORPORATION, Rail Division,

by   
Vice President, Rail Division

[Corporate Seal]

Attest:

  
Assistant Secretary

STATE OF UTAH,                    )  
                                      ) ss.:  
COUNTY OF SALT LAKE,        )

On this <sup>15</sup> day of March, 1978, before me personally appeared ~~ROBERT S. CLARK~~, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

*Verna L. Deltawski*  
Notary Public

[Notarial Seal]

My Commission expires: 11-15-81



[illegible]

On this                    day of March, 1978, before me personally appeared                    , to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, Rail Division, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation acting through its Rail Division.

Notary Public

My Commission expires:

[Notarial Seal]

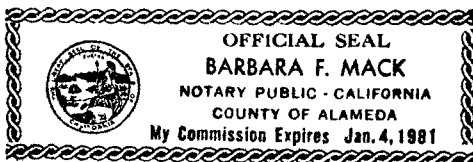
STATE OF CALIFORNIA,       )  
                                  ) ss.:  
COUNTY OF SAN FRANCISCO, )

On this 16 day of March, 1978, before me personally appeared Edmundo P. Schneider, to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, Rail Division, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation acting through its Rail Division.

Barbara F. Mack  
Notary Public

My Commission expires:

[Notarial Seal]



# SCHEDULE A

<u>Lessee</u>	<u>Units of Trust Equipment</u>	<u>Road Numbers</u>	<u>Trust Equipment Description</u>
Hartford & Slocomb Railroad Company	100	HS 4000-4099 Both Inclusive	70-ton, 50' 6" Box cars with 8' double sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
City of Prineville Railway	200	COP 7201-7400 Both Inclusive	70-ton, 50' 6" Box cars with 8' double sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
McCloud River Railroad Company	6	MR 2400-2405 Both Inclusive	70-ton, 50' 6" Box cars with 8' double sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Arkansas & Louisiana Missouri Railway Company	150	ALM 1000-1149 Both Inclusive	100-ton, 50' 10" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
New Orleans Public Belt Railroad	400	NOPB 3100-3499 — Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Terminal Railway Alabama State Docks (Port of Mobile)	490	TASD 77111-77300 TASD 78001-78300 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Meridian & Bigbee Railroad Company	94	MB 4006-4099 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors, AAR Mechanical Designation XM
Port Huron & Detroit Railroad Company	200	PHD 2000-2199 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
North Louisiana & Gulf Railroad Company	300	NLG 5101-5400 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM



<u>Lessee</u>	<u>Units of Trust Equipment</u>	<u>Road Numbers</u>	<u>Trust Equipment Description</u>
Texas, Oklahoma & Eastern Railroad Company	100	TOE 2500-2599 Both Inclusive	100-ton, 50' 6" Box cars with 8' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
The Apache Railway Company	50	APA 1800-1849 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Valdosta Southern Railroad	150	VSO 6200-6249 VSO 6300-6399 Both Inclusive	70-ton, 50' 6" cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
The Corinth & Counce Railroad Company	60	CCR 6000-6049 CCR 6390-6399 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
FMC Corporation/Chemical Division	100	SSIX 1000-1099 Both Inclusive	100-ton, continuous hatch covered hopper cars, capacity 4650 cubic feet, AAR Mechanical Designa- tion LO
Sierra Railroad Company	40	SERA 4050-4089 Both Inclusive	70-ton, 50' 6" Box cars with 8' double sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Vermont Railway, Inc.	50	VTR 3501-3550 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Lake Erie, Franklin & Clarion Railroad Company	80	LEF 2500-2579 Both Inclusive	100-ton capacity, 3433 cubic feet triple open top hopper cars, AAR Mechanical Designation HT
Sabine River & Northern Railroad Company	100	SRN 5300-5349 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
Marinette Tomahawk & Western Railroad Company	300	MTW 4300-4599 Both Inclusive	70-ton, 50' 6" Box cars with 10' sliding doors and 10" end-of-car cushioning, AAR Mechanical Designation XM
TOTAL UNITS	2,970		

[Form of Trust Certificates]

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NOTE: This Trust Certificate has not been registered under the Securities Act of 1933 and must be held indefinitely unless a subsequent disposition hereof is exempt from the registration requirements of said Act.

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\$

No.

ITEL CORPORATION  
Rail Division

9-1/4% Equipment Trust Certificates,  
1978 Series 2

Total Authorized Issue: \$110,000,000

FIRST SECURITY BANK OF UTAH, National Association,  
Trustee

FIRST SECURITY BANK OF UTAH, National Association, not in its individual capacity but solely as Trustee (hereinafter called the Trustee), under an Equipment Trust Agreement (hereinafter called the Agreement) dated as of February 1, 1978, between the Trustee and ITEL Corporation, a Delaware corporation (hereinafter called ITEL), acting through its Rail Division, certifies that

or registered  
assigns is entitled to an interest of

Dollars in ITEL Corporation, Rail Division, Equipment Trust, 1978 Series 2, due and payable on or before August 15, 1993, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Certificate from the date hereof until the principal amount represented by this Certificate shall have become due and payable on February 15 and August 15 in each year after the date hereof, at the rate of

9-1/4% per annum, with interest on any overdue principal, premium, if any, and interest, to the extent legally enforceable, at the rate of 10-1/4% per annum from the date any such amount became overdue. Interest on this Trust Certificate shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Trust Certificates will be redeemed in part, without premium upon at least 30 days' prior notice given as provided in the Agreement, through the operation of a mandatory sinking fund, providing for the payment by ITEL to the Trustee, on or before February 15 and August 15 in each year, commencing August 15, 1983, and continuing to and including February 15, 1993, of an amount sufficient to redeem an aggregate principal amount of the Trust Certificates equal to 4.75% of the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01 of the Agreement less any credit provided for in Section 4.08 of the Agreement (the "Mandatory Sinking Fund Payment"). In addition, ITEL has the option to increase any such sinking fund payment by an amount up to the amount of the Mandatory Sinking Fund Payment. The Trust Certificates are also subject to redemption without premium, under certain circumstances as provided in Sections 2.02, 3.04, 4.06, 4.08 and 7.09 of the Agreement, and are also redeemable, in whole or in part, at the option of ITEL under the conditions and at the optional redemption prices set forth in Section 2.02 of the Agreement.

Payments of principal, premium, if any, and interest shall be made by the Trustee to the registered holder hereof at the Corporate Trust Office of the Trustee at 79 South Main Street, Salt Lake City, Utah 84111 (hereinafter called the Corporate Trust Office), in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement.

This Certificate is one of an authorized issue of Trust Certificates, in an aggregate principal amount not exceeding \$110,000,000, issued or to be issued under the Agreement, under which certain railroad equipment leased to ITEL (or cash or obligations defined in the Agreement as

"Investments" in lieu thereof, as provided in the Agreement) is held by the Trustee in trust for the equal and ratable benefit of the holders of the outstanding Trust Certificates issued thereunder. Reference is made to the Agreement (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, including the rights, obligations and limitations of liabilities of the parties thereto, to all of which the registered holder hereof, by accepting this Certificate, assents.

The transfer of this Certificate is registerable in whole or in part by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at the Corporate Trust Office of this Certificate accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, and thereupon a new Trust Certificate or Certificates for the then unpaid aggregate principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee and ITTEL may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal, premium, if any, and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all installments of principal (and interest accrued thereon) represented by this Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Authorized Officers, by his signature or a facsimile thereof, and its seal or a facsimile thereof to be hereunto affixed or hereon imprinted

## GUARANTEE

Itel Corporation, a Delaware corporation, acting through its Rail Division, for a valuable consideration, hereby unconditionally guarantees to the registered holder of the within Certificate the prompt payment when due of the principal of said Certificate, and of any premium payable thereon, and of the interest thereon specified in said Certificate, with interest on any overdue principal, prepayment premium or interest, to the extent legally enforceable, at the rate of 10-1/4% per annum, all in accordance with the terms of said Certificate and the Equipment Trust Agreement referred to therein.

ITEL CORPORATION, Rail Division,

by

Vice President, Rail Division

FOR VALUE RECEIVED, the undersigned hereby sells,  
assigns and transfers unto

Please insert Social Security  
or other identifying number  
of Assignee

.....

.....

the within Itel Corporation, Rail Division, Equipment Trust  
Certificate, 1978 Series 2, and does hereby irrevocably  
constitute and appoint

.....

attorney to transfer the said Certificate on the books of  
the within named Trustee, with full power of substitution in  
the premises.

Dated.....

# ITEL CORPORATION

## RAIL DIVISION

### LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this ..... day of ....., 197 .., between ITEL CORPORATION, RAIL DIVISION, a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("Ite! Rail"), as Lessor, and ..... a ..... corporation ("Lessee"), as Lessee.

#### 1. Scope of Agreement

A. Ite! Rail agrees to lease to Lessee, and Lessee agrees to lease from Ite! Rail, freight cars as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Cars."

B. It is the intent of the parties to this Agreement that Ite! Rail shall at all times be and remain the lessor of all Cars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

#### 2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The term of lease with respect to all of the Cars described on each Schedule shall be for fifteen (15) years (the "Initial Lease Term") commencing upon the date when all Cars on such Schedule have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive periods of twelve months each (the "Extended Lease Term") with respect to all of the Cars described on each Schedule, provided, however, that Ite! Rail or Lessee may terminate this Agreement on or after the Initial Lease Term as to all, but not fewer than all, of the Cars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the Initial Lease Term or any Extended Lease Term.

#### 3. Supply Provisions

A. Ite! Rail will inspect each of the Cars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to Ite! Rail that the sample Car which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and Ite! Rail's determination that the Car conforms to the specifications ordered by Ite! Rail and to all applicable governmental regulatory specifications, and provided this Agreement has not been terminated, Ite! Rail will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Cars shall be deemed delivered to Lessee upon acceptance by Ite! Rail. The Cars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by Ite! Rail as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, Ite! Rail can neither control nor determine when the Cars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Cars leased hereunder, Lessee agrees to pay to Ite! Rail the rent set forth in this Agreement. To move the Cars to

Lessee's railroad line and insure optimal use of the Cars after the first loading of freight for each Car on the railroad line of Lessee (the "Initial Loading"), Itel Rail agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Itel Rail, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee agrees that so long as it shall have on lease any Cars, it shall not lease freight cars from any other party until it shall have received all of the Cars on the Schedule or Schedules. Once Cars have been delivered to Lessee, it shall then not lease freight cars similar to the type leased hereunder from any other party until it shall have given Itel Rail at least three (3) months' prior written notice of its desire to lease such freight cars and Itel Rail shall then have the opportunity to procure and lease such freight cars to Lessee subject to the terms and conditions of this Agreement, manufacturers' delivery schedules and at terms not less favorable to Lessee than those offered by such other parties. The foregoing, however, shall not be deemed to prohibit Lessee from leasing from other parties if Itel Rail does not offer lease terms equal to or better than those offered by such other parties. Lessee shall give preference to Itel Rail and shall load the Cars leased from Itel Rail prior to loading substantially similar freight cars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Cars shall be leased from Itel Rail by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by Itel Rail and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Cars, the delivery of any Car to Lessee shall be subject to manufacturers' delivery schedules, financing satisfactory to Itel Rail and the mutual acknowledgment of the parties that the addition of such Cars is not likely to reduce Utilization (as defined in Section 6) of all Cars on lease to Lessee to less than 87.5 per cent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Cars listed on a Schedule shall be delivered to Lessee, the lease term shall be deemed to have commenced on the date the final Car of the most recent group of Cars was delivered to Lessee.

#### **4. Railroad Markings and Record Keeping**

A. Itel Rail and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, Itel Rail shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include but are not limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Itel Rail shall, on behalf of Lessee, perform all record keeping functions related to the use of the Cars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars shall be addressed to Lessee at such address as Itel Rail shall select.



D. All record keeping performed by Itel Rail hereunder and all record of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Itel Rail in a form suitable for reasonable inspection by Lessee from time to time during regular Itel Rail business hours. Lessee shall supply Itel Rail with such reports, including daily telephone reports of the number of Cars on Lessee's tracks, regarding the use of the Cars by Lessee on its railroad line as Itel Rail may reasonably request.

#### **5. Maintenance, Taxes and Insurance**

A. Except as otherwise provided herein, Itel Rail will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to Itel Rail for any repairs required for damage not noted at the time of interchange.

B. Except as provided above, Itel Rail shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of Itel Rail, Lessee shall perform any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by Itel Rail. Itel Rail shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Cars in good operating condition throughout the lease term of such Cars. Lessee may make running repairs to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without Itel Rail's prior written consent. If Lessee makes an alteration, improvement or addition to any Car without Itel Rail's prior written consent, Lessee shall be liable to Itel Rail for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with Itel Rail.

C. Lessee will at all times while this Agreement is in effect be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules—Freight for freight cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by obtaining insurance. Lessee shall also maintain bodily injury and property damage liability insurance. Lessee shall furnish Itel Rail concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months with certificates of insurance with respect to the insurance required as aforesaid signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and Itel Rail (or its assignee) as their interests may appear.

D. Itel Rail agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Car and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. Itel Rail shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. Itel Rail and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. Itel Rail shall review all applicable tax returns prior to filing.

#### **6. Lease Rental**

A. Lessee agrees to pay the following rent to Itel Rail for the use of the Cars:

(i) Itel Rail shall receive all payments made to Lessee by other railroad companies for their use or handling of the Cars, including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are herein-after collectively referred to as "Payments") if the Utilization (as defined below) of all of the Cars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less

than 90 per cent. For the purpose of this Agreement, Utilization of the Cars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Cars, commencing from the Initial Loading, and the denominator of which is the aggregate number of days in each calendar year that the Cars are on lease to Lessee, commencing from the Initial Loading. In addition, Itel Rail will receive, as additional rental, all monies earned by the Cars prior to their Initial Loading.

(ii) In the event Utilization exceeds 90 per cent in any calendar year, Itel Rail shall receive an amount equal to the Itel Rail Base Rental plus an amount equal to one-half of the Payments earned in excess of the Itel Rail Base Rental. For the purpose hereof, Itel Rail Base Rental shall be an amount equal to the total Payments for the calendar year multiplied by a fraction, the numerator of which is 90 per cent and the denominator of which is the Utilization for such calendar year. (The above determination of Itel Rail Base Rental insures that Lessee will, if Utilization is greater than 90 per cent in any calendar year, receive one-half of all the Payments made by other railroads for use or handling of the Cars in excess of the Itel Rail Base Rental.)

(iii) If Itel Rail pays other railroads to move Cars in accordance with Section 3A, except for any expenses incurred to deliver such Cars to Lessee's railroad line, Lessee shall reimburse Itel Rail for such expenses only from and out of the monies received by Lessee pursuant to subsection 6A(ii).

(iv) The rental charges payable to Itel Rail by Lessee shall be paid from the Payments received by Lessee in the following order until Itel Rail receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges and (4) other.

(v) In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules—Freight and the appropriate amount due as a result thereof is received by Itel Rail, said damaged or destroyed Car will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

B. The calculations required above shall be made within five months after the end of each calendar year. However, to enable Itel Rail to meet its financial commitments, Itel Rail shall, prior to making such calculations, retain the payments received by it on behalf of Lessee. Further, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due Itel Rail, Itel Rail shall within three months after the end of each calendar quarter, calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. If at any time during a calendar quarter, the number of days that the Cars have not earned car hire payments is such as to make it mathematically certain that the Utilization in such calendar quarter cannot be equal to or greater than 87.5 per cent, Itel Rail may, at its option and upon not less than 10 days prior written notice to Lessee, terminate this Agreement as to such Cars as Itel Rail shall determine.

D. Itel Rail may, at its option, terminate this Agreement if the ICC shall, at any time, (1) issue an order reducing incentive car hire for Cars on an annual basis to three months or less without a corresponding increase in straight car hire or other monies available to both Itel Rail and Lessee at

least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Cars in order for Lessee to continue to meet its obligations set forth in this section.

E. Subsequent to the Initial Loading, if any Car remains on Lessee's railroad tracks for more than seven consecutive days, Itel Rail may, at its option and upon not less than 24 hours prior written notice, terminate this Agreement as to such Car and withdraw such Car from Lessee's railroad tracks. If any such Car remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Cars as specified in Section 3B, Lessee shall be liable for and remit to Itel Rail an amount equal to the Payments Lessee would have earned if such Cars were in the physical possession and use of another railroad for the entire period.

## **7. Possession and Use**

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by Itel Rail in connection with the acquisition of Cars, *i.e.*, upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Itel Rail or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

## **8. Default**

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within ten days thereafter.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless

such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state.

B. Upon the occurrence of any event of default, Itel Rail may, at its option, terminate this Agreement (which termination shall not release Lessee from any obligation to pay to Itel Rail any and all rent or other sums that may then be due or accrued to such date or from the obligation to perform any duty or discharge any other liability occurring prior thereto) and may

(i) Proceed by any lawful means to enforce performance by Lessee of such obligations or to recover damages for a breach thereof (and Lessee agrees to bear Itel Rail's costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all right and interest of Lessee in the Cars shall terminate; and thereupon Itel Rail may enter upon any premises where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee.

## **9. Termination**

Upon the termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to Itel Rail by delivering the same to Itel Rail. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as may be designated by Itel Rail, either, at the option of Itel Rail, (1) by Lessee upon return of such Cars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing, and transporting such Cars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by Itel Rail. If such Cars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars and place thereon such markings as may be designated by Itel Rail. After the removal and replacement of markings, Lessee shall use its best efforts to load such Cars with freight and deliver such Cars to a connecting carrier for shipment. Lessee shall provide up to sixty (60) days free storage on its railroad tracks for Itel Rail or the subsequent lessee of any terminated Car. If any Car is terminated pursuant to subsections 6C or 6E or section 8 prior to the end of its lease term, Lessee shall be liable to Itel Rail for all costs and expenses incurred by Itel Rail to repaint the Cars and place thereon the markings and name or other insignia of Itel Rail's subsequent lessee.

## **10. Indemnities**

Itel Rail will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars (other than loss or physical damage to the Cars as provided in (1) above) unless occurring through the fault of Lessee, including without limitation the construction, purchase and delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by Itel Rail or Lessee).

## **11. Representations, Warranties and Covenants**

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to Itel Rail in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee has not during the years 1964-1968 built, leased, purchased or nonequity leased new boxcars or rebuilt any boxcars.

## **12. Inspection**

Itel Rail shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify Itel Rail of any accident connected with the malfunctioning or operation of the Cars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify Itel Rail in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Car. Lessee shall furnish to Itel Rail promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

## **13. Miscellaneous**

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of Itel Rail assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of this Agreement and in furtherance of any financing agreement entered into by Itel Rail in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules hereto and to confirm the subordination provisions contained in Section 7.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. No failure or delay by Itel Rail shall constitute a waiver or otherwise affect or impair any right, power or remedy available to Itel Rail nor shall any waiver or indulgence by Itel Rail or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ITEL CORPORATION, RAIL DIVISION

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

STATE OF ..... }  
COUNTY OF .....

On this ..... day of ....., before me personally appeared .....,  
to me personally known, who being by me duly sworn says that such person is ..... of  
....., that the foregoing Lease Agreement and Equip-  
ment Schedule No. .... was signed on behalf of said corporation by authority of its board  
of directors, and such person acknowledged that the execution of the foregoing instrument was the  
free act and deed of said corporation.

---

Notary Public

STATE OF ..... }  
COUNTY OF .....

On this ..... day of ....., before me personally appeared .....,  
to me personally known, who being by me duly sworn says that such person is ..... of  
Itel Corporation, Rail Division, that the foregoing Lease Agreement and Equipment Schedule No.  
..... was signed on behalf of said corporation by authority of its board of directors, and such  
person acknowledged that the execution of the foregoing instrument was the free act and deed of  
such corporation.

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Notary Public

## EQUIPMENT SCHEDULE No. . . . .

Itel Corporation, Rail Division hereby leases the following Cars to .....  
 ..... subject to the terms and conditions of that certain Lease Agreement dated as  
 of ....., 197...

A.A.R. Mech. Desig.	Description	Numbers	Length	Dimensions Inside Width	Height	Doors Width	No. of Cars

**ITEL CORPORATION, RAIL DIVISION**

BY: \_\_\_\_\_

**TITLE:**

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

**TITLE:**

DATE: \_\_\_\_\_



SCHEDULE D

ASSIGNMENT OF LEASE AND AGREEMENT dated as of \_\_\_\_\_, 197 (hereinafter called this Assignment), by and between ITEL CORPORATION, a Delaware corporation (together with its successors and assigns, being hereinafter called ITEL), acting through its Rail Division, and FIRST SECURITY BANK OF UTAH, National Association (hereinafter called the Trustee).

WHEREAS ITEL has entered into an Equipment Trust Agreement dated as of February 1, 1978 (such Equipment Trust Agreement, together with any amendments or supplements thereto, being hereinafter called the Agreement);

WHEREAS ITEL and (hereinafter called the Lessee) have entered into a lease of Equipment (as defined in the Agreement) dated as of \_\_\_\_\_, (such lease, together with any amendments or supplements thereto, being hereinafter called the Lease), providing for the leasing by ITEL to the Lessee of units of the Trust Equipment (as defined in the Agreement);

WHEREAS the Lease may also cover the leasing to the Lessee of other equipment not included as part of the Trust Equipment; and

WHEREAS in order to provide security for the obligations of ITEL under the Agreement and as an inducement to the investors for which the Trustee is acting to purchase Trust Certificates (as defined in the Agreement), ITEL agrees to assign for security purposes its rights in, to and under the Lease to the Trustee as and only to the extent that the Lease relates to the Trust Equipment;

NOW, THEREFORE, in consideration of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. ITEL hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of ITEL's obligations under the Agreement, all of ITEL's right, title and interest, powers, privileges and other benefits under the Lease as and only to the extent that the Lease relates to the Trust Equipment, including, without limitation, all rights to receive and collect all rentals,

profits and other sums payable to or receivable by ITEL from the Lessee under or pursuant to the provisions of the Lease to the extent that the same are payable in respect of the Trust Equipment, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments); provided, however, that until an Event of Default under the Agreement, or any event which with notice or lapse of time or both, could constitute such an Event of Default, shall occur, it is understood that ITEL shall be entitled to collect and receive all such Payments and to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to apply all Payments to which ITEL is entitled to the payment of any and all of ITEL's obligations under the Agreement. In furtherance of the foregoing assignment, but subject to the foregoing provisions of this paragraph, ITEL hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of ITEL or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which ITEL is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Whenever a Lease covers other equipment not included as part of the Trust Equipment and the amount of any payment due to ITEL under such Lease as car hire payments (including both straight and incentive per diem), mileage charges or other rental revenues is calculated on an aggregate basis for all equipment leased thereunder, for the purposes of this Assignment an amount equal to the Assigned Fraction (as hereinafter defined) of each such payment shall be deemed to be payable with respect to the Trust Equipment leased under such Lease. The term "Assigned Fraction" as used herein shall mean a fraction the numerator of which shall be the number of units of equipment comprising the Trust Equipment leased under such Lease and the denominator of which shall be the aggregate number of units of equipment (including the units of Trust Equipment) at the time leased under such Lease.

2. This Assignment is executed only as security for the obligations of ITEL under the Agreement and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify, the liability of ITEL under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of ITEL to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against ITEL or persons other than the Trustee.

3. To protect the security afforded by this Assignment, ITEL agrees as follows:

(a) ITEL will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by ITEL.

(b) At ITEL's sole cost and expense, ITEL will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of ITEL under the Lease.

(c) Should ITEL fail to make any payment or to do any act which this Assignment requires ITEL to make or do, then the Trustee, but without obligation so to do, after first making written demand upon ITEL and affording ITEL a reasonable period of time within which to make such payment or do such act, but without releasing ITEL from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of ITEL contained in the Lease; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and ITEL will reimburse the Trustee for such costs, expenses and fees.

4. Upon the full discharge and satisfaction of all of ITEL's obligations under the Agreement and this Assignment, all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease shall revert to ITEL.

5. ITEL will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure, the interests of the Trustee hereunder.

6. If an Event of Default shall occur and be continuing under the Agreement, the Trustee may assign all or any of the rights assigned to it hereby or arising under the Lease, including without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder. The Trustee will give written notice to ITEL and the Lessee of any such assignment.

7. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

ITEL CORPORATION, Rail Division,

by

\_\_\_\_\_  
Vice President, Rail Division

[Corporate Seal]

Attest:

\_\_\_\_\_  
Secretary

FIRST SECURITY BANK OF UTAH,  
National Association, as Trustee,

by

\_\_\_\_\_  
Authorized Officer

[Seal]

Attest:

\_\_\_\_\_  
Authorized Officer

STATE OF CALIFORNIA,       )  
                                  )   ss.:  
COUNTY OF SAN FRANCISCO,)

On this           day of           1978, before me personally appeared           , to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, Rail Division, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation acting through its Rail Division.

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Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,           )  
                                  )   ss.:  
COUNTY OF SALT LAKE,)

On this           day of           1978, before me personally appeared           , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

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Notary Public

[Notarial Seal]

My Commission expires